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1-1-2004

## Audited Financial Statements, 2003

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, 2003 WITH COMPARATIVE  
TOTALS FOR SEPTEMBER 30, 2002**

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

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## 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, 2003, and 2002, 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, 2003, and 2002, 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

January 27, 2004

**FINANCIAL STATEMENT SECTION**

GLAIZE CREEK PUBLIC SEWER DISTRICT  
OF JEFFERSON COUNTY  
BALANCE SHEET

	SEPTEMBER 30, 2003	SEPTEMBER 30, 2002
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash on Hand	\$ 76	\$ 76
Cash in Bank-Checking	29,495	38,336
Cash in Bank - Savings	114,438	208,477
CD-Farmers Bank	131,399	128,449
CD-Bloomsdale Bank	32,673	31,957
USbancorp Leasing	109,412	108,902
New Plant Financing Costs	13,550	14,396
Accounts Receivable	48,624	43,577
<b>TOTAL CURRENT ASSETS</b>	<b>479,667</b>	<b>574,170</b>
 <b>PROPERTY, PLANT AND EQUIPMENT</b>		
<b>NET OF ACCUMULATED DEPRECIATION</b>	<b>5,193,180</b>	<b>5,205,103</b>
 <b>TOTAL ASSETS</b>	 <b>\$ 5,672,847</b>	 <b>\$ 5,779,273</b>
 <b>CURRENT LIABILITIES</b>		
Payroll Taxes Payable	\$ 1,662	\$ 0
Accrued Insurance	11,146	0
USbancorp Leasing	1,175,138	1,219,129
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,187,946</b>	<b>1,219,129</b>
 <b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>		
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	160,100
HUD Special Purpose Grant	78,000	78,000
<b>TOTAL CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	<b>3,299,218</b>	<b>3,299,218</b>
 <b>DISTRICT EQUITY</b>		
Retained Earnings	1,185,683	1,260,926
 <b>TOTAL DISTRICT EQUITY</b>	 <b>4,484,901</b>	 <b>4,560,144</b>
 <b>TOTAL LIABILITIES AND DISTRICT EQUITY</b>	 <b>\$ 5,672,847</b>	 <b>\$ 5,779,273</b>

GLAIZE CREEK PUBLIC SEWER DISTRICT  
OF JEFFERSON COUNTY  
STATEMENT OF INCOME

	<u>YEAR ENDED</u> <u>SEPTEMBER 30, 2003</u>	<u>YEAR ENDED</u> <u>SEPTEMBER 30, 2002</u>
<b>OPERATING REVENUE</b>		
Sewer Fees	\$ 632,768	\$ 614,272
Late Fees	16,101	14,659
Connect Fees Collected	<u>17,750</u>	<u>223,483</u>
<b>TOTAL OPERATING REVENUE</b>	<b>666,619</b>	<b>852,414</b>
<b>OPERATING EXPENSES</b>		
Salaries	224,551	218,011
Electric	40,917	34,936
Employee Benefits	71,741	57,295
Telephone	7,046	7,340
Supplies	1,553	1,968
Gas, Oil and Truck Repairs	4,806	5,840
Payroll Tax	16,865	16,554
Office Expense	11,948	8,066
Bank & Credit Card Fees	129	0
Rent-Equipment	11,730	10,935
Insurance	11,328	11,109
Repair and Maintenance	34,952	36,641
Accounting and Audit	7,550	8,025
Legal	847	1,522
Engineering	712	1,525
Water	2,522	3,770
Dues & Subscriptions	115	90
Answering Service	227	0
Entertainment	2,295	2,229
Sub Contract	49,920	46,277
Trash Hauling	852	1,310
Work Clothes	3,385	2,977
Lease Expense	117	112
Permits	1,518	3,372
Election Expense	(501)	1,979
Rent	<u>7,380</u>	<u>7,200</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>514,505</u></b>	<b><u>489,083</u></b>
<b>NET OPERATING INCOME</b>	<b>152,114</b>	<b>363,331</b>
<b>NON-OPERATING REVENUE AND (EXPENSES)</b>		
Depreciation	(153,920)	(133,245)
Testing & Review Fees	1,500	1,260
Interest Income	6,048	13,288

GLAIZE CREEK PUBLIC SEWER DISTRICT  
OF JEFFERSON COUNTY  
STATEMENT OF INCOME

	YEAR ENDED <u>SEPTEMBER 30, 2003</u>	YEAR ENDED <u>SEPTEMBER 30, 2002</u>
Interest Expense	(67,835)	(70,249)
Inspection Fees	4,626	8,570
Miscellaneous	46	0
Septic Tank Pump-out	1,630	920
Sludge Hauling (Net)	<u>(19,455)</u>	<u>(27,783)</u>
TOTAL NON-OPERATING REVENUE AND (EXPENSES)	<u>(227,360)</u>	<u>(207,239)</u>
NET (LOSS) INCOME	<u>\$ (75,246)</u>	<u>\$ 156,092</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THE FINANCIAL STATEMENTS



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

	<u>YEAR ENDED</u> <u>SEPTEMBER 30, 2003</u>	<u>YEAR ENDED</u> <u>SEPTEMBER 30, 2002</u>
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>		
Balance, Beginning of Year	\$ 3,299,218	\$ 3,139,118
Additions for the Year	<u>0</u>	<u>160,100</u>
Balance, End of Year	3,299,218	3,299,218
<b>RETAINED EARNINGS</b>		
Balance, Beginning of Year	1,260,929	1,104,834
Net (Loss) Income	<u>(75,246)</u>	<u>156,092</u>
Balance, End of Year	<u>1,185,683</u>	<u>1,260,926</u>
<b>TOTAL DISTRICT EQUITY, END OF YEAR</b>	<u><b>\$ 4,484,901</b></u>	<u><b>\$ 4,560,144</b></u>

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

	YEAR ENDED SEPTEMBER 30, 2003		YEAR ENDED SEPTEMBER 30, 2002
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Net (Loss) Income	\$ (75,246)	\$	156,092
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	153,920		133,245
Decrease \ (Increase) in Accounts Receivable	(5,047)		(6,816)
(Decrease) \ Increase in Accrued Payroll Taxes	12,808		(1,471)
<b>NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES</b>	<b>86,435</b>		<b>281,050</b>
<b>CASH FLOW FROM CAPITAL ACTIVITIES:</b>			
Decrease \ (Increase) in Note Payable			
Firststar Leasing	(43,991)		(41,577)
New Plant Financing Costs	851		847
<b>NET CASH FLOW PROVIDED BY NON- CAPITAL FINANCING ACTIVITIES</b>	<b>(43,140)</b>		<b>(40,730)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Capital Expenditures	(142,002)		(587,924)
EPA Grant	0		160,100
<b>NET CASH FLOW USED BY INVESTING ACTIVITIES</b>	<b>(142,002)</b>		<b>(427,824)</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(98,707)</b>		<b>(187,504)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>516,197</b>		<b>703,701</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 417,490</b>	\$	<b>516,197</b>

THE ACCOMPANYING NOTES ARE AN INTERNAL PART  
OF THE FINANCIAL STATEMENTS

GLAIZE CREEK PUBLIC SEWER DISTRICT  
OF JEFFERSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2003

**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, 2003

**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 9/30/02	ADDITIONS	DISPOSALS	BALANCE 9/30/03
Land	\$ 501,300			\$ 501,300
Plant and Equipment	1,297,686			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	1,002		4,488
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, 2003

**II. PROPERTY, PLANT & EQUIPMENT (CONCLUDED)**

	BALANCE 9/30/02	ADDITIONS	DISPOSALS	BALANCE 9/30/03
Renovation Plant II	467,172	410		467,582
Storage Building	22,020	1,495		23,515
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	111,296		518,555
Fencing	7,600			7,600
Tools	37,584			37,584
Moss Hollow Lane	1,508			1,508
Old Lemay Ferry	2,847			2,847
Sewer Line	0	14,130		14,130
New Treatment Plant	960,029	13,669		973,698
<b>TOTAL</b>	<b>6,154,454</b>	<b>142,002</b>		<b>6,296,456</b>
Less: Accumulated Depreciation	(949,351)	(153,920)		(1,103,271)
<b>NET</b>	<b>\$ 5,205,103</b>	<b>\$ (11,918)</b>	<b>\$ 0</b>	<b>\$ 5,193,185</b>

**III. PENSION PLAN**

The District maintains a Defined Contribution Pension Plan covering all employees of the District. Contributions for 2003 and 2002 were \$41,747 and \$32,700, respectively. The contribution rate was 15% of eligible payroll for each year. Contributions were made on an eligible payroll of \$224,551 and \$218,011 for 2003 and 2002, 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, 2003.

GLAIZE CREEK PUBLIC SEWER DISTRICT  
 OF JEFFERSON COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2003

**IV. CAPITAL LEASES (CONCLUDED)**

Fiscal Year Ended September 30		
2003	\$	111,826
2004		111,826
2005		111,826
2006		111,826
2007		111,826
2008-2019		<u>1,230,214</u>
Total minimum lease payments		1,789,214
Less: Amount representing interest		<u>614,076</u>
Present value of minimum lease payments	\$	<u>1,175,138</u>

Interest in the amount of \$67,835 was paid on the principal from October 1, 2002, through September 30, 2003. The \$1,300,000 was placed in an escrow account to be disbursed, as construction is complete. Interest in an approximate amount of \$510 was earned on the escrow account from October 1, 2002, through September 30, 2003. No disbursements were from the escrow account from October 1, 2002, through September 30, 2003, leaving a balance of \$109,412.

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

	ACTUAL	BUDGET	VARIANCE
OPERATING REVENUE			Favorable (Unfavorable)
Sewer Fees	\$ 632,768	\$ 640,000	\$ (7,232)
Late Charges	16,101	15,000	1,101
Connect Fees Collected	17,750	150,000	(132,250)
TOTAL OPERATING REVENUE	<u>666,619</u>	<u>805,000</u>	<u>(138,381)</u>
OPERATING EXPENSES			
Salaries	224,551	224,600	49
Electric	40,917	39,000	(1,917)
Employee Benefits	71,741	62,500	(9,241)
Telephone	7,046	7,500	454
Supplies - Lab	1,553	2,000	447
Gas, Oil and Truck Repairs	4,806	6,500	1,694
Payroll Tax	16,865	17,200	335
Office Expense	11,948	9,000	(2,948)
Bank & Credit Card Fees	129	0	(129)
Rent-Equipment	11,730	12,300	570
Insurance	11,328	12,000	672
Repair and Maintenance	34,952	50,000	15,048
Accounting and Audit	7,550	8,000	450
Legal	847	1,500	653
Engineering	712	2,000	1,288
Water	2,522	3,600	1,078
Dues & Subscriptions	115	200	85
Answering Service	227	0	(227)
Entertainment	2,295	2,300	5
Sub Contract	49,920	48,000	(1,920)
Trash Hauling	852	1,500	648
Work Clothes	3,385	3,000	(385)
Lease Expense	117	125	8
Continuing Education	0	1,500	1,500
Permits	1,518	1,700	182
Election Expense	(501)	0	501
Supplies	0	100	100
Rent	7,380	7,200	(180)
TOTAL OPERATING EXPENSES	<u>514,505</u>	<u>523,325</u>	<u>8,820</u>
NET OPERATING INCOME	152,114	281,675	(129,561)
NON-OPERATING REVENUE AND (EXPENSES)			
Depreciation	(153,920)	(150,000)	(3,920)
Testing & Review Fees	1,500	1,500	0
Interest Income	6,048	15,000	(8,952)
Interest Expense	(67,835)	(72,000)	4,165
Inspection Fees	4,626	8,500	(3,874)
Miscellaneous	46	0	46

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THE FINANCIAL STATEMENTS

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

	ACTUAL	BUDGET	VARIANCE
Septic Tank Pump-out	1,630	1,000	630
Engineering Review Fees Expense	0	(1,300)	1,300
Sludge Hauling (Net)	<u>(19,455)</u>	<u>(30,000)</u>	<u>10,545</u>
TOTAL NON-OPERATING REVENUE	<u>(227,360)</u>	<u>(227,300)</u>	<u>(60)</u>
 NET INCOME	 <u>\$ (75,246)</u>	 <u>\$ 54,375</u>	 <u>\$ (129,621)</u>