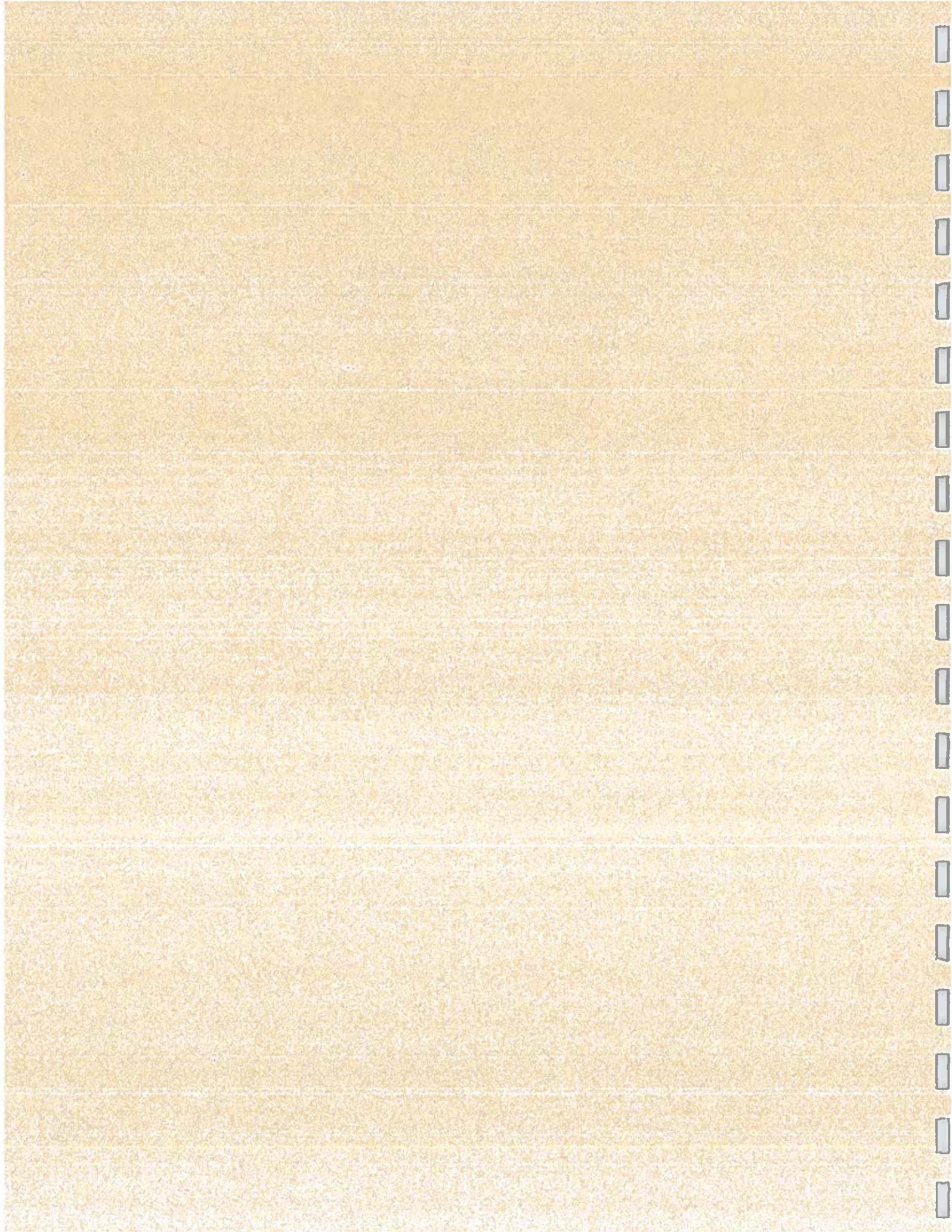


**Metro East Sanitary District  
Lansdowne Trunk - Madison and Venice  
Sewerage System Enterprise Fund  
St. Clair and Madison Counties, Illinois**

**ANNUAL FINANCIAL REPORT  
Year Ended March 31, 2014**

**AND  
INDEPENDENT AUDITOR'S REPORT**







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

ANNUAL FINANCIAL REPORT

Year Ended March 31, 2014

TABLE OF CONTENTS

	<u>Page</u>
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	1-3
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Management's Discussion and Analysis	MDA 1-5
<b>BASIC FINANCIAL STATEMENTS</b>	
<u>Exhibit</u>	
<u>Government-Wide Financial Statements</u>	
A Statement of Net Position	4
B Statement of Activities	5
<u>Fund Financial Statements</u>	
C Statement of Net Position - Proprietary Fund	6-7
D Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	8-9
E Statement of Cash Flows - Proprietary Fund	10-11
Index to Notes	12
Notes to Financial Statements	13-22

(continued on next page)



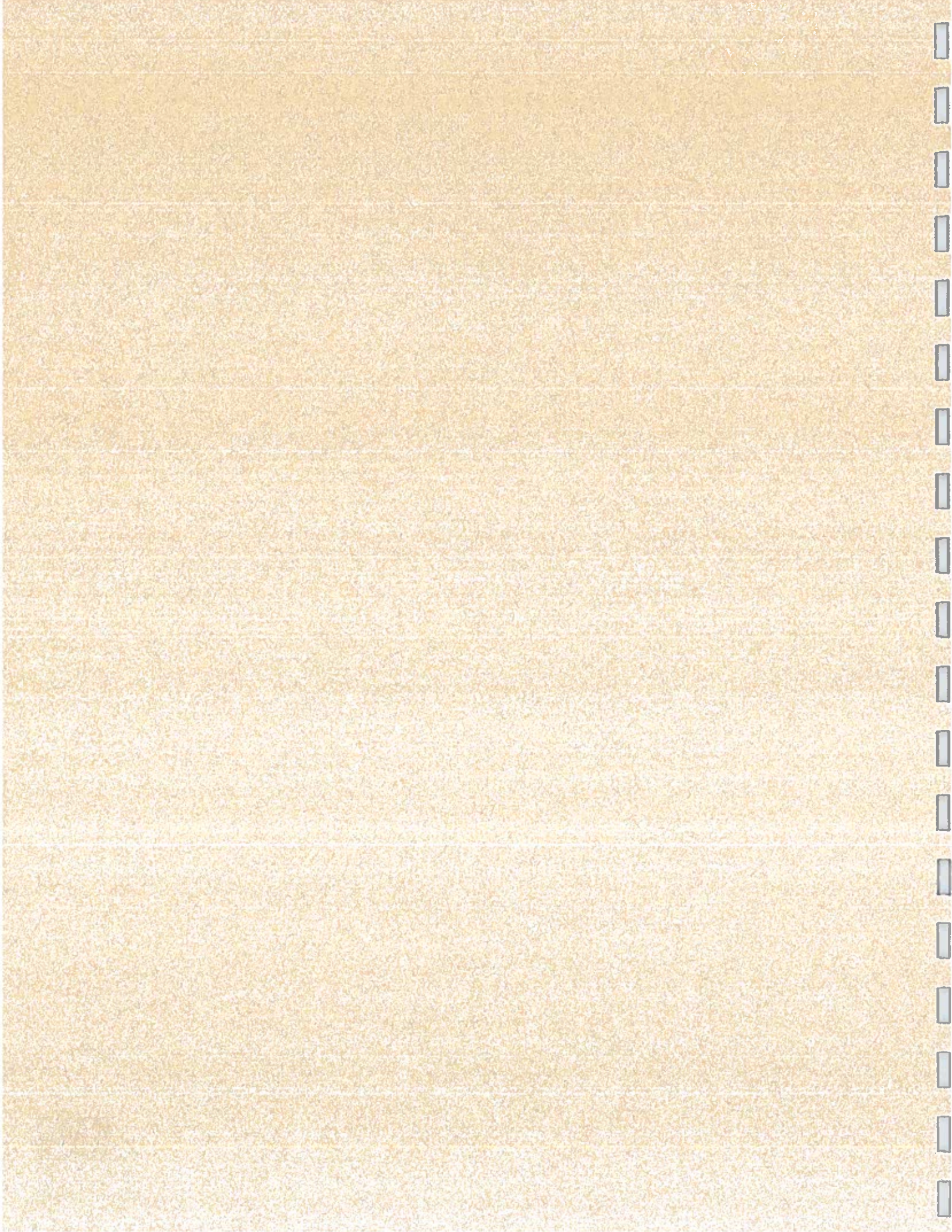




TABLE OF CONTENTS  
(continued)

Page

OTHER INFORMATION

Statement

1	Statements of Revenues, Expenses and Net Income - Last Four Fiscal Years	23
2	Statement of Revenues, Expenses and Changes in Net Position - Budget and Actual (Cash Basis)	24-26









CERTIFIED PUBLIC ACCOUNTANTS

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

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of the Metro East Sanitary District, Lansdowne Trunk - Madison and Venice Sewerage System Enterprise Fund, a component unit of Metro East Sanitary District, St. Clair and Madison Counties, Illinois, as of and for the year ended March 31, 2014, and the related notes to the financial statements, 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 U. S. generally accepted accounting principles; 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 misstatement, whether due to fraud or error.

### 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 U. S. generally accepted auditing standards. 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 opinions.

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Belleville, Illinois 62223-5007  
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P.O. Box 165 • 120 Mill Street  
Bethalto, Illinois 62010-0165  
(618) 377-2171 FAX (618) 377-2173



### **Basis for Qualified Opinions**

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

### **Qualified Opinion**

In our opinion, except for the missing recognition matter described in the "Basis for Qualified Opinions" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Metro East Sanitary District, Lansdowne Trunk - Madison and Venice Sewerage System Enterprise Fund, a component unit of Metro East Sanitary District, St. Clair and Madison Counties, Illinois as of March 31, 2014, and the respective changes in financial position and cash flows, thereof, for the year then ended in accordance with U. S. generally accepted accounting principles.

### **Other Matters**

#### **Prior Year Summarized Comparative Information**

The prior year summarized comparative information has been derived from the District's March 31, 2013 financial statements and, in our report dated July 30, 2013, we expressed a qualified opinion due to the omission of the OPEB expense and obligation and disclosures on the Enterprise Fund's financial position, changes in financial position and cash flows.

#### **Required Supplementary Information**

U. S. generally accepted accounting principles require that the management's discussion and analysis on pages 1 through 5 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 U. S. generally accepted auditing standards, 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.

#### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Metro East Sanitary District, Lansdowne Trunk - Madison and Venice Sewerage System's basic financial statements. The accompanying other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the



auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U. S. generally accepted auditing standards. In our opinion the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Allison Knapp & Siekmann, Ltd.*

Belleville, Illinois

July 1, 2014



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**METRO EAST SANITARY SYSTEM  
LANSDOWNE TRUNK - MADISON AND VENICE  
SEWERAGE SYSTEM ENTERPRISE FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MARCH 31, 2014**

---

This section of the System's annual financial report presents an analysis of the System's financial performance during the fiscal year ended March 31, 2014. This information is presented in conjunction with the audited basic financial statements, which follow this section.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of the following two parts: Management's Discussion and Analysis and Financial Statements of the Sewer Proprietary Fund. The Financial Statements include notes which explain in detail some of the information included in the financial statements.

**REQUIRED FINANCIAL STATEMENTS**

The Financial Statements of the System report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The Statement of Net Position includes information on the System's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to System creditors (liabilities). The Statement of Revenues, Expenses and Changes in Net Position identifies the System's revenues and expenses for the fiscal years ended March 31, 2013 and 2014. This statement provides information on the System's operations over the past two fiscal years and can be used to determine whether the System has recovered all of its actual and projected costs through user fees and other charges. The third financial statement is the Statement of Cash Flows. This statement provides information on the System's cash receipts, cash payments and changes in cash resulting from operations, investments and financing activities. From the Statement of Cash Flows, the reader can obtain comparative information on the source and use of cash and the change in the cash balance for each of the last two fiscal years.



**FINANCIAL ANALYSIS OF THE SYSTEM**

The Statement of Net Position (pages 6 and 7) and the Statement of Revenues, Expenses and Changes in Net Position (pages 8 and 9) provide an indication of the System's financial condition and also indicate that the financial condition of the System deteriorated during the last fiscal year. A decrease in net position over time typically indicates the financial condition needs to be thoroughly investigated.

**NET POSITION**

A summary of the System's Statement of Net Position is presented below.

**Table 1**  
**Condensed Statement of Net Position**

	2014	2013	Dollar Change	Percentage Change
<b>Assets</b>				
Current assets	\$ 2,873,049	\$ 3,117,583	\$ (244,534)	-7.84%
Capital assets	5,738,259	5,896,255	(157,996)	-2.68%
Total assets	8,611,308	9,013,838	(402,530)	-4.47%
<b>Liabilities</b>				
Current liabilities	405,788	523,797	(118,009)	-22.53%
Long-term liabilities	1,971,305	2,112,274	(140,969)	-6.67%
Total liabilities	2,377,093	2,636,071	(258,978)	-9.82%
<b>Net Position</b>				
Net investment in capital assets	3,703,080	3,745,691	(42,611)	-1.14%
Restricted	551	38,117	(37,566)	-98.55%
Unrestricted	2,530,584	2,593,959	(63,375)	-2.44%
Total net position	\$ 6,234,215	\$ 6,377,767	\$ (143,552)	-2.25%

For more detailed information see the Statement of Net Position (pages 6 and 7).

As the above table indicates, total assets decreased by \$402,530 from \$9,013,838 to \$8,611,308 during the fiscal year ended March 31, 2014. This decrease is comprised of a decrease of \$244,534 in current assets and a decrease of \$157,996 in capital assets.

Total liabilities reflect a decrease of \$258,978 as indicated in the above schedule as a decrease of \$118,009 in current liabilities and a decrease of \$140,969 in noncurrent liabilities. Specific changes in current liabilities include a decrease of \$44,997 in accounts



payable, a decrease of \$83,000 in the amount due to Metro East Sanitary District and an increase of \$4,331 in the current amount due the Illinois EPA. Restricted liabilities increased by \$5,657 in accounts payable. The \$140,969 decrease in noncurrent liabilities includes a \$119,716 decrease in the Illinois EPA loan and a \$21,253 decrease in the accumulated unpaid vacation and sick pay.

Table 1 also indicates that total net position decreased by \$143,552 from \$6,377,767 to \$6,234,215.

**Table 2**  
**Condensed Statement of Revenues, Expenses**  
**and Changes in Net Position**

	2014	2013	Dollar Change	Percent Change
Operating revenues	\$ 2,839,483	\$ 2,929,562	\$ (90,079)	-3.07%
Non-operating revenues	789	3,895	(3,106)	-79.74%
Total revenue	2,840,272	2,933,457	(93,185)	-3.18%
Depreciation expense	207,320	205,347	1,973	0.96%
Other operating expenses	2,776,504	2,721,255	55,249	2.03%
Total expenses	2,983,824	2,926,602	57,222	1.96%
Changes in net position	(143,552)	6,855	(150,407)	-2194.12%
Beginning net position	6,377,767	6,370,912	6,855	0.11%
Ending net position	\$ 6,234,215	\$ 6,377,767	\$ (143,552)	-2.25%

The Statement of Revenues, Expenses and Changes in Net Position identifies the various revenue and expense items which impact the change in net position. As the information in Table 2 indicates, there was a decrease in net position of \$143,552 from the previous year.

Table 2 also indicates that the System's total revenues decreased by \$93,185 or 3.18 percent to \$2,840,272 in the fiscal year ended March 31, 2014. The main decrease in operating revenues was from sewer fees.

Total expenses increased by \$57,222 or 1.96 percent during the fiscal year ended March 31, 2014. Increases in depreciation expense of \$1,973 or .96 percent and increases of operating expenses of \$55,249 or 2.03 percent accounted for the expense increases. The increase in operating expenses was due in large part to increases in maintenance and repairs for buildings, equipment and vehicles of \$60,057 increase of \$31,227 in group insurance and increases of \$49,553 in 203 Lift station expense.



### CAPITAL ASSETS

As of March 31, 2014, the System's investment in capital assets totaled \$5,738,259 net of depreciation, which is a decrease of \$157,996 or 2.68 percent from the capital asset balance of \$5,896,255 at March 31, 2013. Capital assets include all of the System's major capital assets; including infrastructure assets, lift stations, force main, trunk lines, treatment equipment and other structures, as well as any vehicles and other equipment with a value of \$10,000 or more. A comparison of the System's capital assets over the past two fiscal years is presented in Table 3 below.

**Table 3**  
**Capital Assets**

	<u>2014</u>	<u>2013</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
Land & right-of-ways	\$ 191,000	\$ 191,000	\$ -	0%
Buildings	3,323,798	3,323,798	-	0%
Equipment	2,921,302	2,871,978	49,324	1.72%
Office equipment	21,030	21,030	-	0%
Force main, trunk lines & treatment equipment	<u>5,918,118</u>	<u>5,918,118</u>	<u>-</u>	<u>0%</u>
Subtotal	12,375,248	12,325,924	49,324	.40%
Less Accumulated Depreciation	<u>(6,636,989)</u>	<u>(6,429,669)</u>	<u>(207,320)</u>	<u>-3.22%</u>
<b>Total Capital Assets</b> <b>(net of depreciation)</b>	<u><b>\$5,738,259</b></u>	<u><b>\$5,896,255</b></u>	<u><b>(\$157,996)</b></u>	<u><b>2.68%</b></u>

Please refer to the accompanying financial statements for additional information.

### LONG-TERM DEBT

As of March 31, 2014, the System's long-term debt is \$1,971,305 of which \$55,842 relates to compensated absences and \$1,915,463 relates to the noncurrent portion of an Illinois EPA loan for emergency generators and the replacement of a 24 inch force main.

Please refer to the accompanying financial statements for additional information.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The System continues to take proactive steps to increase sewage treatment collections. An agreement exists with Illinois American Water Company to disconnect water service for past due sewerage treatment bills to assist with the collection of operating revenue and to insure the long-term health of the System.



Also, the System has continued to work on various infiltration and specific customer BOD problems within the sewage system in hopes of reducing the treatment expenses being paid to the Granite City Regional Treatment Plant.

### **ADDITIONAL FINANCIAL INFORMATION**

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



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

STATEMENT OF NET POSITION

March 31, 2014  
(With Summarized Comparative Information for March 31, 2013)

	Business-Type Activities	
	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,013,679	\$ 2,293,414
Investments	-	5,948
Restricted assets		
Cash and cash equivalents		
203 Pump station	6,208	38,117
Accrued interest income	513	614
Receivables		
System customers	749,188	754,530
Granite City Regional Treatment - overpayment	92,659	-
Due from Metro East Sanitary District - related party	10,802	-
City of Venice - sewer break	-	23,856
Other	-	1,104
Capital assets		
Land	191,000	191,000
Other capital assets, net of depreciation	5,547,259	5,705,255
<b>Total assets</b>	<b>8,611,308</b>	<b>9,013,838</b>
<b>LIABILITIES</b>		
Accounts payable	271,415	316,412
Accounts payable - restricted	5,657	-
Due to Metro East Sanitary District	-	83,000
Noncurrent liabilities		
Due within one year	128,716	124,385
Due in more than one year		
Illinois EPA loan	1,915,463	2,035,179
Accrued sick and vacation pay	55,842	77,095
<b>Total liabilities</b>	<b>2,377,093</b>	<b>2,636,071</b>
<b>NET POSITION</b>		
Net investment in capital assets	3,703,080	3,745,691
Restricted for		
203 Pump station	551	38,117
Unrestricted	2,530,584	2,593,959
<b>TOTAL NET POSITION</b>	<b>\$ 6,234,215</b>	<b>\$ 6,377,767</b>

The accompanying notes are an integral part of these financial statements.



EXHIBIT B

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

STATEMENT OF ACTIVITIES

Year Ended March 31, 2014  
(With Summarized Comparative Information for Year Ended March 31, 2013)

FUNCTIONS/PROGRAMS	2014		Net (Expenses) Revenues and Changes in Net Position Business-Type Activities	2013 Total
	Expenses	Program Revenues Charges for Services		
Business-type activities				
Sewer	\$ 2,983,824	\$ 2,839,483	\$ (144,341)	\$ 2,960
Total business-type activities	2,983,824	2,839,483	(144,341)	2,960
General revenues				
Loss on sale of stock			(1,966)	-
Investment income			2,755	3,895
Total general revenues			789	3,895
Change in net position			(143,552)	6,855
NET POSITION - BEGINNING			6,377,767	6,370,912
NET POSITION - ENDING			\$ 6,234,215	\$ 6,377,767

The accompanying notes are an integral part of these financial statements.



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

STATEMENT OF NET POSITION  
PROPRIETARY FUND

March 31, 2014  
(With Summarized Comparative Information for March 31, 2013)

	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,013,679	\$ 2,293,414
Investments	-	5,948
Accrued interest income	513	614
Receivables		
System customers	749,188	754,530
Granite City Regional Treatment - overpayment	92,659	-
Due from Metro East Sanitary District - related party	10,802	-
City of Venice - sewer break	-	23,856
Other	-	1,104
Total unrestricted current assets	2,866,841	3,079,466
Restricted assets		
Cash and cash equivalents		
203 Pump station	6,208	38,117
Total current assets	2,873,049	3,117,583
<b>NONCURRENT ASSETS</b>		
Capital assets		
Land and rights-of-way costs	191,000	191,000
Buildings	3,323,798	3,323,798
Equipment	2,921,302	2,871,978
Office equipment	21,030	21,030
Force main, trunk lines and treatment equipment	5,918,118	5,918,118
	12,375,248	12,325,924
Less accumulated depreciation	(6,636,989)	(6,429,669)
Total noncurrent assets	5,738,259	5,896,255
Total assets	8,611,308	9,013,838

(continued on next page)



EXHIBIT C

Page 2

STATEMENT OF NET POSITION  
PROPRIETARY FUND

(continued)

March 31, 2014

(With Summarized Comparative Information for March 31, 2013)

	2014	2013
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	271,415	316,412
Due to Metro East Sanitary District	-	83,000
Current portion of long-term debt		
Illinois EPA loan	119,716	115,385
Accumulated unpaid vacation and sick pay	9,000	9,000
Total unrestricted current liabilities	400,131	523,797
Restricted liabilities		
Accounts payable	5,657	-
Total current liabilities	405,788	523,797
<b>NONCURRENT LIABILITIES</b>		
Illinois EPA loan	1,915,463	2,035,179
Accumulated unpaid vacation and sick pay	55,842	77,095
Total noncurrent liabilities	1,971,305	2,112,274
Total liabilities	2,377,093	2,636,071
<b>NET POSITION</b>		
Net investment in capital assets	3,703,080	3,745,691
Restricted for		
203 Pump station	551	38,117
Unrestricted	2,530,584	2,593,959
<b>TOTAL NET POSITION</b>	<b>\$ 6,234,215</b>	<b>\$ 6,377,767</b>

The accompanying notes are an integral part of these financial statements.



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

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUND

Year Ended March 31, 2014  
(With Summarized Comparative Information for Year Ended March 31, 2013)

	2014	2013
<b>OPERATING REVENUES</b>		
Sewer fees	\$ 2,827,266	\$ 2,883,545
Lien fees and miscellaneous charges	12,216	45,881
Miscellaneous revenues	1	136
	<hr/>	<hr/>
Total operating revenues	2,839,483	2,929,562
	<hr/>	<hr/>
<b>OPERATING EXPENSES</b>		
Salaries	737,708	751,668
Utilities	97,928	82,525
Telephone	6,541	8,536
Maintenance and repairs		
System	-	34,308
Buildings	38,044	36,561
Equipment	119,396	60,938
Vehicles	6,332	6,216
Employer's FICA expense	59,232	55,975
Employer's IMRF expense	80,448	76,002
Unemployment compensation	12,601	11,117
Uniform allowance	1,854	603
Depreciation	207,320	205,347
Accounting fees	10,400	10,300
Engineering fees	4,420	23,681
Legal fees	7,549	15,810
Office supplies	14,610	18,885
Printing and publishing	1,409	1,306
Credit card chargeback - E-pay	10,972	9,398
Insurance	96,700	86,330
Postage	40,278	43,995
Office space rental	12,000	12,000
Group insurance	166,705	135,478
Retiree medical insurance	3,600	3,600

(continued on next page)



EXHIBIT D

Page 2

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
(continued)

Year Ended March 31, 2014

(With Summarized Comparative Information for Year Ended March 31, 2013)

	2014	2013
OPERATING EXPENSES (continued)		
Filing and lien fees	10,364	9,990
Secondary treatment expense	1,102,267	1,116,560
Illinois EPA permit fee	5,000	5,000
Computer system, support and software	5,953	688
Computer supplies	10,132	11,065
Website related costs	167	181
Travel and training	-	250
Collection fees	16,598	30,681
Alarm	2,729	2,544
Lift station monitoring	2,043	3,325
Easements	850	450
Water usage and parcel data fees	6,920	9,695
Water turn-off fees	14,445	25,425
Credit reports	3,454	2,039
Equipment lease agreements	2,820	2,680
Water testing fees	7,755	6,560
Billing fees	-	766
203 Lift station expenses	53,174	3,621
Miscellaneous	3,106	4,503
Total operating expenses	2,983,824	2,926,602
Operating income (loss)	(144,341)	2,960
NONOPERATING REVENUES (EXPENSES)		
Loss on sale of stock	(1,966)	-
Interest income	2,755	3,895
Total nonoperating revenues (expenses)	789	3,895
Increase (decrease) in net position	(143,552)	6,855
Net position, beginning of year	6,377,767	6,370,912
NET POSITION, END OF YEAR	\$ 6,234,215	\$ 6,377,767

The accompanying notes are an integral part of these financial statements.



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

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND

Year Ended March 31, 2014  
(With Summarized Comparative Information for Year Ended March 31, 2013)

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 2,839,483	\$ 2,929,562
Payments to suppliers	(1,932,861)	(1,055,319)
Payments to and for employees	<u>(1,060,294)</u>	<u>(1,033,840)</u>
Net cash provided (used) by operating activities	\$ (153,672)	\$ 840,403
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
None	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of equipment	(49,324)	(300,042)
Payments related to Illinois EPA loan	<u>(115,385)</u>	<u>(111,055)</u>
Net cash (used) by capital and related financing activities	(164,709)	(411,097)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale (purchase) of investments	5,948	(5,948)
Loss on sale of stock	(1,966)	-
Interest earned on investments	<u>2,755</u>	<u>3,895</u>
Net cash provided (used) by investing activities	<u>6,737</u>	<u>(2,053)</u>
Net increase (decrease) in cash and cash equivalents	(311,644)	427,253
Cash and cash equivalents, beginning of year	<u>2,331,531</u>	<u>1,904,278</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 2,019,887</u></u>	<u><u>\$ 2,331,531</u></u>

(continued on next page)



EXHIBIT E

Page 2

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND

(continued)

Year Ended March 31, 2014

(With Summarized Comparative Information for Year Ended March 31, 2013)

	2014	2013
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (144,341)	\$ 2,960
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities		
Depreciation	\$ 207,320	\$ 205,347
Changes in assets and liabilities		
(Increase) decrease in assets		
Receivables		
Customers	5,342	49,242
Granite City Regional Treatment	(92,659)	-
Due from Metro East Sanitary		
District - related party	(10,802)	600,000
City of Venice - sewer break	23,856	41
Other	1,104	(381)
Accrued interest receivable	101	314
Increase (decrease) in liabilities		
Accounts payable	(44,997)	46,003
Accounts payable - restricted	5,657	-
Due to Metro East Sanitary District	(83,000)	17,480
Granite City Regional Treatment - additional liability	-	(97,420)
Accumulated unpaid vacation and sick pay	(21,253)	16,817
Total adjustments	(9,331)	837,443
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (153,672)	\$ 840,403
CASH AND CASH EQUIVALENTS ACCOUNTED FOR AS FOLLOWS		
Unrestricted cash	\$ 2,013,679	\$ 2,293,414
Restricted cash	6,208	38,117
TOTAL AS ABOVE	\$ 2,019,887	\$ 2,331,531

The accompanying notes are an integral part of these financial statements.



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

INDEX TO NOTES

March 31, 2014

<u>Note</u>		<u>Page</u>
1	<u>Summary of Significant Accounting Policies</u>	
	A. Reporting Entity	13
	B. Government-Wide and Fund Financial Statements	13
	C. Fund Accounting	14
	D. Measurement Focus, Basis of Accounting and Financial Statement Presentation	14
	E. Cash and Investments	14
	F. Prepaid Items/Expenses	15
	G. Accounts Receivable and Allowance for Doubtful Accounts	15
	H. Capital Assets	15
	I. Accumulated Unpaid Vacation/Sick Pay (Compensated Absences)	15
	J. Long-Term Obligations	16
	K. Net Position	16
	L. Estimates	16
	M. Comparative Data	16
	N. Date of Management Evaluation	16
	O. New GASB Pronouncements	17
2	<u>Deposits and Investments</u>	17-18
3	<u>Capital Assets</u>	19
4	<u>Long-Term Debt</u>	20-21
5	<u>Other Note Disclosures</u>	
	A. Retirement Commitments	21
	B. Related Party Transactions	21
	C. 203 Pump Station	22
	D. Risk Management	22
	E. Receivable from the City of Venice	22



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

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

**Note 1: Summary of Significant Accounting Policies**

The Metro East Sanitary District, Lansdowne Trunk - Madison and Venice Sewerage System is a component unit of the Metro East Sanitary District. The financial statements of the Metro East Sanitary District, Lansdowne Trunk - Madison and Venice Sewerage System (System) have been prepared in conformity with U. S. Generally Accepted Accounting Principles (GAAP) 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 System's accounting policies are described below.

**A. Reporting Entity**

The District has developed criteria to determine whether outside agencies with activities, which benefit the District, should be included within its financial reporting entity. The criteria for including organizations within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Based on these criteria, the Lansdowne Sewerage System is considered a component unit of the Metro East Sanitary District and there are no component units in the reporting entity.

The financial statements for the Metro East Sanitary District may be obtained by writing to the Metro East Sanitary District, 1801 Madison Avenue, Granite City, Illinois 62040.

**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 financial information for the Sewer System as a whole.

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

The District, in these financial statements, reports only the District's Sewerage - Proprietary Fund.

(continued on next page)



NOTES TO FINANCIAL STATEMENTS  
(continued)  
March 31, 2014

Note 1: Summary of Significant Accounting Policies (continued)

C. Fund Accounting

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

The Sewerage Fund is classified into one category: proprietary.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Revenues and additions are recorded when earned and expenses and deductions are reported when a liability is incurred. Grants and similar items, if any, are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing sewer services. Incidental revenues/expenses are reported as nonoperating.

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

E. Cash and Investments

Cash and Cash Equivalents

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

(continued on next page)



NOTES TO FINANCIAL STATEMENTS  
(continued)  
March 31, 2014

Note 1: Summary of Significant Accounting Policies (continued)

F. Prepaid Items/Expenses

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

G. Accounts Receivable and Allowance for Doubtful Accounts

The accounts receivable balances as presented in the accompanying financial statements are net of an allowance for doubtful accounts in the amount of \$240,000 and \$250,000 for the fiscal years ending March 31, 2014 and 2013, respectively.

H. Capital Assets

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

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

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

	<u>Years</u>
Buildings	50
Equipment	
Pumps and controls	50
Office equipment	10
Force main, trunk lines and treatment plant	75

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

The District has a formal policy, which allows employees to accumulate unused vacation and sick leave. Due to the fact that these accumulations are payable to the employee upon separation from service, the accompanying financial statements include an accrual for these unpaid amounts. Amounts were calculated by using pay rates in effect at year-end.

(continued on next page)



## NOTES TO FINANCIAL STATEMENTS

(continued)

March 31, 2014

### Note 1: Summary of Significant Accounting Policies (continued)

#### J. Long-Term Obligations

In government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type financial statements. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### K. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

#### L. Estimates

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

#### M. Comparative Data

Comparative data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the System's financial position and operations. However, complete comparative data has not been presented since this inclusion would make the statements unduly complex and difficult to read.

#### N. Date of Management Evaluation

Management has evaluated subsequent events through July 1, 2014, the date on which the financial statements were available to be issued.

(continued on next page)



NOTES TO FINANCIAL STATEMENTS  
(continued)  
March 31, 2014

Note 1: Summary of Significant Accounting Policies (continued)

O. New GASB Pronouncements

The Governmental Accounting Standards Board has issued several new pronouncements that the District has reviewed for application to their accounting and reporting.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and New Position*, is effective for periods beginning after December 15, 2011. This standard provides financial reporting guidance for reporting some deferred outflows of resources and deferred inflows of resources and has adopted a change of "net assets" to "net position". The District has implemented this reporting for the year ended March 31, 2013. The District did not have any deferred outflows or inflows of resources that qualify under the guidance of GASB Statement No. 63 to report for the years ended March 31, 2014 or 2013.

For the year ended March 31, 2014 the District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012, which requires the reclassification of some assets and liabilities to deferred outflows and inflows of resources. In addition, GASB Statement No. 65 requires the removal of bond issuance costs from assets in the government-wide and proprietary fund financial statements as a change in accounting standards.

Note 2: Deposits and Investments

The District is authorized by state statute to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the United States of America, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the highest classifications by at least two standard rating services and the Illinois Funds Investment Pool. The District does not enter into any reverse repurchase agreements.

Deposits

At year-end, the carrying amount of the System's deposits totaled \$1,869,475 and bank balances totaled \$1,870,043. Of the bank balances, \$177,473 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$1,692,570 was covered by pledged collateral, which was held in the Sewerage System's name.

Investments

At March 31, 2014 the District had the following investment:

(continued on next page)



NOTES TO FINANCIAL STATEMENTS  
(continued)  
March 31, 2014

Note 2: Deposits and Investments (continued)

Investments (continued)

<u>Primary Government</u> <u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u> <u>Less than 1 year</u>
External Investment Pool - Illinois Funds	<u>\$ 150,412</u>	<u>\$ 150,412</u>

Reconciliation to financial statements:

	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Exhibit A			
Cash and cash equivalents	\$ 1,863,267	\$ 150,412	\$ 2,013,679
Restricted assets			
Cash and cash equivalents	<u>6,208</u>	<u>-</u>	<u>6,208</u>
Total Carrying Amounts	<u>\$ 1,869,475</u>	<u>\$ 150,412</u>	<u>\$ 2,019,887</u>

The State Investment Pool is a 2a7-like pool. Investments in Illinois Funds are valued at Illinois Funds' share price, the price for which the investment could be sold. The difference between fair value and the value at Illinois Funds' share price is immaterial.

Interest Rate Risk

The District has a formal investment policy, although that policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments in commercial paper, corporate bonds and money market mutual funds to the top two ratings issued by nationally recognized statistical rating organizations. The District's investment policy further limits its investment choices to investments in the Illinois Public Treasurers' Investment Pool (IPTIP), collateralized time deposits, full-faith and credit securities of the federal government and repurchase agreements secured by securities of the federal government. As of March 31, 2014 the District's investment in the external investment pool was rated AAA by Standard & Poor's.

Concentration of Credit Risk

More than 5% of the District's investments are in the external investment pool. This investment is 100% of the District's total investments.

(continued on next page)



NOTES TO FINANCIAL STATEMENTS  
(continued)  
March 31, 2014

**Note 3: Capital Assets**

Capital asset activity for the year ended March 31, 2014 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 191,000	\$ -	\$ -	\$ 191,000
Total capital assets not being depreciated	<u>191,000</u>	<u>-</u>	<u>-</u>	<u>191,000</u>
Capital assets being depreciated				
Buildings	3,323,798	-	-	3,323,798
Equipment	2,871,978	49,324	-	2,921,302
Office equipment	21,030	-	-	21,030
Force main, trunk lines and treatment plant	<u>5,918,118</u>	<u>-</u>	<u>-</u>	<u>5,918,118</u>
Total capital assets being depreciated	12,134,924	49,324	-	12,184,248
Less accumulated depreciation	<u>6,429,669</u>	<u>207,320</u>	<u>-</u>	<u>6,636,989</u>
Total capital assets being depreciated, net	<u>5,705,255</u>	<u>(157,996)</u>	<u>-</u>	<u>5,547,259</u>
<b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET</b>	<u>\$ 5,896,255</u>	<u>\$ (157,996)</u>	<u>\$ -</u>	<u>\$ 5,738,259</u>

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

<b>BUSINESS-TYPE ACTIVITIES</b>	
Sewer Fund	<u>\$ 207,320</u>
<b>TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES</b>	<u>\$ 207,320</u>

(continued on next page)



NOTES TO FINANCIAL STATEMENTS  
(continued)  
March 31, 2014

Note 4: Long-Term Debt

Summary and Discussion Relating to Debt Recorded on Accompanying Financial Statements

The following is a summary of changes in long-term debt for the year ended March 31, 2014 and the related fund where this debt is recorded on the accompanying financial statements:

Description and Purpose	Balance April 1, 2013	New Debt Issued	Debt Retired	Balance March 31, 2014	Due Within One Year
<b>BUSINESS-TYPE ACTIVITIES</b>					
Water/Sewer Funds					
IEPA Loan #1 - Water	\$ 2,150,564	\$ -	\$ 115,385	\$ 2,035,179	\$ 119,716
Total Water/Sewer Funds	2,150,564	-	115,385	2,035,179	119,716
Water/Sewer Funds - Compensated Absences					
Accumulated sick pay	86,095	-	21,253	64,842	9,000
Total Business-Type Activities	<u>\$ 2,236,659</u>	<u>\$ -</u>	<u>\$ 136,638</u>	<u>\$ 2,100,021</u>	<u>\$ 128,716</u>

IEPA Loan #1

During the fiscal year ended March 31, 2010, the District entered into a loan/grant agreement with the Illinois Environmental Protection Agency for construction of a 24 inch replacement sewer main and emergency generators. The loan portion is approved for \$2,317,146 and the District has drawn down 100% on the loan and received \$721,854 in grant revenues as of March 31, 2014. The loan is a 20 year loan with an annual fixed rate of 0%.

The annual requirements to amortize the IEPA loan as of March 31, 2014 is as follows:

Year Ending March 31,	Principal	Interest	Total
2015	\$ 119,716.40	\$ -	\$ 119,716.40
2016	119,716.40	-	119,716.40
2017	119,716.40	-	119,716.40
2018	119,716.40	-	119,716.40
2019	119,716.40	-	119,716.40
2020	119,716.40	-	119,716.40
2021	119,716.40	-	119,716.40
2022	119,716.40	-	119,716.40
2023	119,716.40	-	119,716.40
2024	119,716.40	-	119,716.40

(continued on next page)



NOTES TO FINANCIAL STATEMENTS  
(continued)  
March 31, 2014

Note 4: Long-Term Debt (continued)

IEPA Loan #1 (continued)

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	119,716.40	-	119,716.40
2026	119,716.40	-	119,716.40
2027	119,716.40	-	119,716.40
2028	119,716.40	-	119,716.40
2029	119,716.40	-	119,716.40
2030	119,716.40	-	119,716.40
2031	119,716.40	-	119,716.40
	<u>\$ 2,035,178.80</u>	<u>\$ -</u>	<u>\$ 2,035,178.80</u>

Note 5: Other Note Disclosures

A. Retirement Commitments

Illinois Municipal Retirement Fund

The System is a participating member of the Illinois Municipal Retirement Fund. All employees of the System are eligible to become members of this plan. Funding commitments and other related information relative to the plan are available in the financial statements of the Metro East Sanitary District, 1801 Madison Avenue, Granite City, Illinois 62040.

B. Related Party Transactions

Lease of Office Space

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

Due from Metro East Sanitary District

As of March 31, 2014, the Sewerage System has an amount due from the Metro East Sanitary District totaling \$10,802. This account represents payroll related transfers in excess of actual payroll reimbursement requirements made to the District's payroll clearing account.

Due to Metro East Sanitary District

As of March 31, 2013, the Sewerage System had an amount due to the Metro East Sanitary District totaling \$83,000. This account represents various insurance costs relating to the Lansdowne System, which were paid by the District's Liability Insurance Fund.

(continued on next page)



NOTES TO FINANCIAL STATEMENTS  
(continued)  
March 31, 2014

Note 5: Other Note Disclosures (continued)

C. 203 Pump Station

On July 23, 1997, the Lansdowne System entered into an agreement to purchase a sanitary pumping station located on Gateway International Race Track real estate adjacent to Highway 203, north of Interstate 70 in East St. Louis, Illinois for \$259,895.29. The amortized cost of the station is to be payable monthly by the owners of the race track and/or the occupant of the current race track property. This loan was paid during the fiscal year ended March 31, 1999.

In accordance with an additional agreement related to the above station, all current and any future users of the pump station are responsible for the cost of maintenance. The Lansdowne System is responsible for maintaining the station and is to bill users for the related costs.

The additional agreement referenced in the preceding paragraph also provides for the accumulation of funds for the ultimate replacement of worn pumps and parts. This account is to be increased by payments payable on a monthly basis over a five (5) year term by all users of the system until it reaches a maximum balance of \$50,000. The accompanying financial statements account for these accumulations as restricted assets totaling \$6,208 and \$38,117 at March 31, 2014 and 2013, respectively.

D. Risk Management

Description

Workers' compensation and general liability losses are covered by commercial insurance. There have been no significant reductions in these insurance coverages during the year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

E. Receivable from the City of Venice

The accompanying financial statements for the fiscal year ended March 31, 2013 include a receivable of \$23,856 relating to costs incurred in repairing a sewer break along Bremen Avenue in the City of Venice. The break occurred in an area which was initially believed to be a District sewer line and later concluded to be a line owned by the City of Venice. Madison County provided limited funding totaling \$2,192 for the repayment of this receivable during the current fiscal year. The remaining account balance was written off as uncollectible.



STATEMENT 1

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

STATEMENTS OF REVENUES, EXPENSES  
AND NET INCOME

Last Four Fiscal Years

	2014	2013	2012	2011
<b>OPERATING REVENUES</b>				
Sewerage treatment charges	\$2,827,266	\$2,883,545	\$2,719,188	\$3,003,565
Court costs/lien fees/other	12,217	46,017	24,064	7,744
<b>Total operating revenues</b>	<b>2,839,483</b>	<b>2,929,562</b>	<b>2,743,252</b>	<b>3,011,309</b>
<b>OPERATING EXPENSES</b>	<b>2,983,824</b>	<b>2,926,602</b>	<b>3,238,699</b>	<b>2,706,007</b>
<b>Operating income (loss)</b>	<b>(144,341)</b>	<b>2,960</b>	<b>(495,447)</b>	<b>305,302</b>
<b>NONOPERATING REVENUES AND (EXPENSES)</b>				
Interest income	2,755	3,895	7,118	12,771
Loss on sale of stock	(1,966)	-	-	-
Sale of land/scrap	-	-	683,720	4,638
Commerce & Economic Opportunity Grant	-	-	-	95,937
<b>Total nonoperating revenues and (expenses)</b>	<b>789</b>	<b>3,895</b>	<b>690,838</b>	<b>113,346</b>
<b>NET INCOME (LOSS)</b>	<b>\$ (143,552)</b>	<b>\$ 6,855</b>	<b>\$ 195,391</b>	<b>\$ 418,648</b>



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

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL (CASH BASIS)

Year Ended March 31, 2014

	<u>Budget</u>	<u>Actual</u>
<b>OPERATING REVENUES</b>		
Sewer fees	\$ 2,900,000	\$ 2,864,745
Lien fees and miscellaneous revenues	40,000	9,515
<b>Total operating revenues</b>	<u>2,940,000</u>	<u>2,874,260</u>
<b>OPERATING EXPENSES</b>		
Salaries	800,000	768,511
Utilities	120,000	105,049
Telephone	8,500	6,704
Maintenance and repairs		
Sewer line	200,000	5,676
Building	30,000	40,299
Equipment	75,000	106,949
Vehicle	6,000	4,739
Employer's payroll expense		
FICA	61,200	59,232
IMRF	87,000	80,540
Unemployment compensation	12,500	12,601
Uniform allowance	750	1,821
Fixed asset purchases		
Vehicles - equipment	60,000	49,324
Auditing and accounting fees	13,000	10,400
Engineering fees	25,000	2,725
Legal fees	16,000	7,836
Office supplies	15,000	10,594
Printing and publishing	1,500	1,239
Credit card chargeback - E-pay	10,000	10,972
Insurance	90,000	179,970
Postage	49,000	41,211
Office space rental	12,000	12,000

(continued on next page)



STATEMENT 2

Page 2

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL (CASH BASIS)  
(continued)  
Year Ended March 31, 2014

	Budget	Actual
<b>OPERATING EXPENSES (continued)</b>		
Group insurance	144,000	170,305
Filing and lien fees	10,000	10,364
Secondary treatment expense	1,250,000	1,246,427
Illinois EPA permits	5,000	5,000
Computer system, support	5,000	6,002
Computer supplies	10,000	10,094
Website related costs	200	181
Computer system training	1,500	-
Travel and training	3,000	-
Collection fees	35,000	18,776
Alarm	3,000	2,694
Lift station monitoring	5,000	2,043
Easements	450	850
Water usage and parcel data fees	10,000	6,462
Water turn-off fees	27,500	14,861
Credit reports	3,000	3,432
Equipment lease agreements	3,000	2,820
Water testing fees	7,000	7,656
203 Lift station expenses	-	47,660
Miscellaneous	5,000	3,339
Economic Stimulus loan repayments	119,716	115,385
	<u>3,339,816</u>	<u>3,192,743</u>
Total operating expenses		
	3,339,816	3,192,743
Operating income (loss)	(399,816)	(318,483)
<b>NONOPERATING REVENUES</b>		
Proceeds from the sale of investment	-	3,982
Interest income	3,500	2,856
	<u>3,500</u>	<u>2,856</u>
Increase (decrease) in net position	<u>\$ (396,316)</u>	<u>\$ (311,645)</u>
<b>Reconciliation to GAAP basis financial statements:</b>		
Increase (decrease) in net position (cash basis) - above		\$ (311,645)

(continued on next page)



STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL (CASH BASIS)

(continued)

Year Ended March 31, 2014

Reconciliation to GAAP basis financial statements (continued):

Adjustments to reconcile increase (decrease) in net position - cash basis  
to GAAP basis

Increases (decreases) in assets which are not recorded using the cash basis

Depreciation on fixed assets	(207,320)
Receivables	
Customers	(5,342)
Granite City Regional Treatment overpayment	92,659
Due from Metro East Sanitary District - related party	9,699
City of Venice - sewer break	(23,856)
Accrued interest receivable	(101)

(Increases) decreases in liabilities which are not recorded  
using the cash basis

Accounts payable	39,340
Due to Metro East Sanitary District - related party	83,000
Accumulated unpaid vacation and sick pay	21,253

Cash payments not considered expenses on GAAP basis statements

Illinois EPA loan payments	115,385
Purchase of fixed assets	49,324

Proceeds from the sale of investment is not considered income  
on GAAP basis financial statements

(3,982)

Loss on the sale of investment is considered an expense on  
GAAP basis financial statements

(1,966)

Increase (decrease) in net position - Exhibit D

\$ (143,552)



