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Financial Report, 2003

Earth City Levee District of St. Louis County

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CLAIRE C. McCASKILL
Missouri State Auditor

January 16, 2004

Daniel L. Human
Husch & Eppenberger, LLC
190 Carondelet Plaza, Suite 600
St. Louis, MO 63105-3441

RE: Earth City Levee District of St. Louis County

Fiscal Period: One Year Ended June 30, 2003 ✓

Dear Mr. Human:

In accordance with Section 105.145, RSMo, we acknowledge receipt of the financial report of your political subdivision for the above-described fiscal period.

Thank you for your cooperation in sending this information.

Sincerely,

CLAIRE C. McCASKILL
STATE AUDITOR

A handwritten signature in cursive script that reads "Judy Buerky".

Judy Buerky
Local Government Analyst

**Husch &
Eppenberger, LLC**
Attorneys and Counselors at Law

190 Carondelet Plaza, Suite 600
St. Louis, Missouri 63105-3441
314.480.1500
Fax 314.480.1505
www.husch.com



314.290.9254 direct dial
dan.human@husch.com

December 9, 2003

Ms. Judy Buerky
State Auditor's Office
P.O. Box 869
Jefferson City, MO 65102

**RE: EARTH CITY LEVEE DISTRICT
Annual Financial Report**

Dear Ms. Buerky:

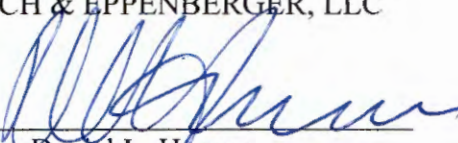
Enclosed is the financial report for the EARTH CITY LEVEE DISTRICT for year ending June 30, 2003.

If anything further is required regarding the annual report filing, please do not hesitate to contact me.

Sincerely,

HUSCH & EPPENBERGER, LLC

By:


Daniel L. Human

DLH/LJW
Enclosure

Copy to: G. Kimberley Diamond (w/o enclosure)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

EARTH CITY LEVEE DISTRICT

June 30, 2003

1000 Olive Street
St. Louis, Missouri 63101
314.587.5670
314.587.5671

INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Earth City Levee District

We have audited the accompanying general-purpose financial statements of Earth City Levee District, as of and for the year ended June 30, 2003. These general-purpose financial statements are the responsibility of Earth City Levee District's management. Our responsibility is to express an opinion on these general-purpose 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Earth City Levee District, as of June 30, 2003 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Mengwasser Martin Lall & Clark P.C.

St. Louis, Missouri
October 3, 2003

Earth City Levee District

COMBINED BALANCE SHEET

June 30, 2003

	Governmental Fund Type	Account Groups		
		General Fixed Assets	General Long-Term Debt	Totals (Memorandum Only)
	General			
ASSETS AND OTHER DEBITS				
Cash – unreserved	\$ 718,445	\$ -	\$ -	\$ 718,445
Cash – reserved (note E)	445,117	-	-	445,117
Prepaid insurance	10,326	-	-	10,326
Bond issue costs (note D)	36,186	-	-	36,186
Property and equipment (note B)	-	10,826,254	-	10,826,254
Amount to be provided for retirement of general long-term debt (note C)	-	-	1,475,000	1,475,000
Tax assessments and other receivables	-	-	-	-
Total assets and other debits	<u>\$ 1,210,074</u>	<u>\$10,826,254</u>	<u>\$ 1,475,000</u>	<u>\$13,511,328</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 18,922	\$ -	\$ -	\$ 18,922
Refunding and improvement bonds payable – current maturities (note C)	-	-	225,000	225,000
Refunding and improvement bonds payable – long-term (note C)	-	-	1,250,000	1,250,000
	<u>18,922</u>	<u>-</u>	<u>1,475,000</u>	<u>1,493,922</u>
FUND EQUITY AND OTHER CREDITS				
Investment in general fixed assets	-	10,826,254	-	10,826,254
Fund balance – unreserved	746,035	-	-	746,035
Fund balance – reserved (note E)	445,117	-	-	445,117
	<u>1,191,152</u>	<u>10,826,254</u>	<u>-</u>	<u>12,017,406</u>
Total liabilities, fund equity and other credits	<u>\$ 1,210,074</u>	<u>\$10,826,254</u>	<u>\$ 1,475,000</u>	<u>\$13,511,328</u>

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

Earth City Levee District

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

Year ended June 30, 2003

	Governmental <u>Fund Type</u> <u>General</u>	Totals (Memorandum <u>Only</u>)
Revenues		
Levee assessments (note A6)	\$ 790,663	\$ 790,663
Review fees	-	-
Interest	<u>41,763</u>	<u>41,763</u>
Total revenues	832,426	832,426
Expenditures		
Current -		
Administration	5,832	5,832
Administrative - office	13	13
Bond cost - amortization	7,913	7,913
Construction and repairs	112,164	112,164
Contract services	4,018	4,018
Engineering - civil	13,488	13,488
Engineering - geotechnical	1,832	1,832
Inspection services	9,812	9,812
Insurance	23,315	23,315
Legal	16,118	16,118
Maintenance services	73,507	73,507
Management services	91,968	91,968
Other	11,159	11,159
Utilities	8,449	8,449
Debt service -		
Interest on bonds	83,248	83,248
Capital outlays -		
Property and equipment	<u>189,233</u>	<u>189,233</u>
Total expenditures	<u>652,069</u>	<u>652,069</u>
Excess of revenue over expenditures	180,357	180,357
Other financing uses		
Payment of long-term debt	<u>(210,000)</u>	<u>(210,000)</u>
Total other financing uses	<u>(210,000)</u>	<u>(210,000)</u>
Revenues over (under) expenditures and other financing uses	(29,643)	(29,643)
Fund balance, July 1, 2002	<u>1,220,795</u>	<u>1,220,795</u>
Fund balance, June 30, 2003	<u>\$ 1,191,152</u>	<u>\$ 1,191,152</u>

The accompanying notes are an integral part of these financial statements

Earth City Levee District

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

NOTE A – SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Nature of Operations

The Earth City Levee District was formed in the State of Missouri in January, 1994. The District assumed control of the flood control system protecting the 1,152 acre Earth City Business Park and 739 acres north of St. Charles Rock Road in February, 1995.

The District is governed by a five member Board of Supervisors who are responsible for the operation, maintenance and repair of the flood control system. An annual maintenance tax is levied by the Board of Supervisors to support the operations of the District. In addition, the Board of Supervisors appoints a qualified administrator responsible for conducting the day-to-day business operations of the District.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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:

2. Reporting Entity

All significant activities on which the District exercises oversight responsibility have been included in the District's general-purpose financial statements for the year ended June 30, 2003. The following criteria regarding manifestation of oversight were considered by the District in its evaluation of District organizations and activities:

- Financial interdependency – The District is responsible for its debts and is entitled to its surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the District.
- Election of the government authority – The locally elected Board of Supervisors is exclusively responsible for all public decisions and accountable for the decisions it makes.
- Designation of management – The Board of Supervisors manages all aspects of the District.
- Ability to significantly influence operations – The Board of Supervisors has the statutory authority under the provisions of the Revised Statutes to significantly influence operations. This authority includes, but is not limited to, control over all assets, including facilities and properties, short-term borrowing, signing contracts, and developing the programs to be provided.
- Accountability of fiscal matters – The responsibility and accountability over all funds is vested in the Board of Supervisors.

3. Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund and account group are summarized by providing a separate set of self-balancing accounts that includes its assets, other debits, liabilities, other credits, fund equity, revenues and expenditures. The following funds and account groups are used by the District:

Earth City Levee District

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2003

NOTE A – SUMMARY OF ACCOUNTING POLICIES – Continued

3. Fund Accounting, Continued

Governmental Fund Types:

General Fund

The General Fund is the general operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Account Groups:

Account groups are used to establish accounting control and accountability for the District's general fixed assets and general long-term debt. The following are the District's account groups:

General Fixed Assets Account Group

The General Fixed Assets Account Group is used to account for fixed assets used in government fund type operations for control purposes. All fixed assets are valued at historical cost. No depreciation is recorded on general fixed assets.

General Long-Term Debt Account Group

The General Long-Term Debt Account Group is used to account for long-term liabilities to be financed from governmental fund types.

4. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Interest due on the bonds has been accrued as of June 30, 2003.

Those revenues susceptible to accrual are levee taxes, special assessments, grant entitlements, and interest revenue.

Earth City Levee District

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2003

NOTE A – SUMMARY OF ACCOUNTING POLICIES - Continued

5. Budgets and Budgetary Accounting

The District has no statutory requirement to adopt an annual budget, but has done so for District Management purposes.

6. Levee Assessments

Levee assessments attach as an enforceable lien on property as of January 1. Assessments are levied on October 1 and are due and payable on or before December 31. All unpaid assessments become delinquent January 1 of the following year. The District contracts with St. Louis County to bill and collect their levee assessments. St. Louis County charges a collection fee for these services.

District levee assessment revenues are recognized when levied to the extent that they result in current receivables.

7. Total Columns on Combined Financial Statements – Overview

Total columns on the combined financial statements are captioned “memorandum only” to indicate that they are presented only to facilitate analysis. Data in these columns does not present financial position or results of operations in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

8. Concentration of Credit Risk

This District maintains its cash in both bank deposit accounts and money market accounts at high credit, quality financial institutions. The balances in the bank accounts at times may exceed federally insured limits.

This District has not experienced any losses in either type of account. The District believes it is not exposed to any significant credit risk on cash and cash equivalents.

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Earth City Levee District

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2003

NOTE B – PROPERTY AND EQUIPMENT

Depreciation and amortization were charged to operations as follows:

	General Fixed Assets <u>July 1, 2002</u>	<u>Additions</u>	<u>Retirements</u>	General Fixed Assets <u>June 30, 2003</u>
Double-box culvert	\$ 11,446	\$ -	\$ -	\$ 11,446
Levee improvements	4,533,500	35,632	-	4,569,132
Relief wells	1,903,098	123,039	-	2,026,137
Pumping station equipment	1,841,477	30,562	-	1,872,039
Pumping station	1,209,251	-	-	1,209,251
Storm water drainage easement	54,565	-	-	54,565
Land easement	126,083	-	-	126,083
Land and improvements	953,134	-	-	953,134
Storage building	<u>4,467</u>	<u>-</u>	<u>-</u>	<u>4,467</u>
	<u>\$10,637,021</u>	<u>\$ 189,233</u>	<u>\$ -</u>	<u>\$10,826,254</u>

Depreciation expense is not recorded.

NOTE C – LONG-TERM DEBT

On December 19, 1997, the District issued \$2,435,000 in Levee District Funding and Improvement Bonds. The Bonds bear interest at various rates ranging from 4.20% to 5.25% and become due beginning March 1, 1999 and each year thereafter until paid.

	<u>General Fund</u>	<u>General Long-Term Debt Account Group</u>
Balance, June 30, 2002	\$ -	\$ 1,685,000
Transfer from Long-Term Debt Account Group to General Fund	210,000	(210,000)
Payoff of long-term debt	<u>(210,000)</u>	<u>-</u>
Balance, June 30, 2003	<u>\$ -</u>	<u>\$ 1,475,000</u>

Earth City Levee District

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2003

NOTE C - LONG-TERM DEBT – Continued

The annual debt service requirements for maturity of the Levee District Funding and Improvement Bonds as of June 30, 2003 are as follows:

Year ending June 30,	
2004	\$ 225,000
2005	235,000
2006	245,000
2007	260,000
2008 and thereafter	<u>510,000</u>
	1,475,000
Less current maturities	<u>225,000</u>
Long-term debt	<u>\$ 1,250,000</u>

NOTE D – BOND ISSUE COSTS

The bond issue costs consist of legal and other professional fees necessary to prepare for sale of the bonds. These costs are being amortized by the straight-line method over ten (10) years, which is the life of the bond issue.

NOTE E – FUND BALANCE - RESERVED

Reserved fund balance includes the following:

Funds available for the repayment of the principal and interest of the Levee District refunding and improvement bonds	\$ 316,427
Funds available for levee improvement expenditures	<u>128,690</u>
	<u>\$ 445,117</u>

SUPPLEMENTAL INFORMATION

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTAL INFORMATION

Board of Supervisors
Earth City Levee District

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole for Earth City Levee District for the year ended June 30, 2003, which are presented in the preceding section of this report. The supplemental information presented hereinafter 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 audit procedures applied in the examination 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.

Meagwason Martin Lall - Clerk P. C.

St. Louis, Missouri
October 3, 2003

Earth City Levee District

SCHEDULE OF CURRENT EXPENDITURES

Year ended June 30, 2003

Administration:	
Accounting	\$ 4,950
Copier	360
Delivery service	36
Fax machine	90
Office supplies	155
Other	.8
Postage	161
File storage	72
	<u>\$ 5,832</u>
Administrative – office:	
Long distance telephone	<u>\$ 13</u>
Bond cost	
Amortization - bond issue costs	<u>\$ 7,913</u>
Construction and repairs:	
Levee – primary	\$ 14,784
Relief wells	846
Other	14,763
Genset	223
Pumping station	4,318
Levee and drainage ditches	8,480
Levee easement	68,750
	<u>\$ 112,164</u>
Contract services:	
Pump station operator	<u>\$ 4,018</u>
Engineering – civil:	
Construction and repair projects	\$ 10,558
Other	2,735
Plan review	195
	<u>\$ 13,488</u>

Earth City Levee District

SCHEDULE OF CURRENT EXPENDITURES – CONTINUED

Year ended June 30, 2003

Engineering – geotechnical:	
Flood control watch	\$ 1,436
Other	<u>396</u>
	<u>\$ 1,832</u>
Inspection services:	
Mechanical system – including pumps	\$ 2,870
Genset	1,894
Levee	<u>5,048</u>
	<u>\$ 9,812</u>
Insurance:	
Bonds	\$ 200
Liability	1,452
Pump station - facility	18,907
Pump station - machinery and equipment	<u>2,756</u>
	<u>\$ 23,315</u>
Legal:	
General	<u>\$ 16,118</u>
Maintenance services:	
Levee mowing	\$ 17,420
Other mowing	11,003
Other	24,134
Spraying	1,770
Flood control system	12,895
Seed and fertilizer	<u>6,285</u>
	<u>\$ 73,507</u>
Management services:	
Administrator fees	\$ 74,755
Other	<u>17,213</u>
	<u>\$ 91,968</u>

Earth City Levee District

SCHEDULE OF CURRENT EXPENDITURES – CONTINUED

Year ended June 30, 2003

Other expenditures:

Aerial photographs	\$ 1,430
County tax collection fee	8,173
Membership dues	200
Miscellaneous fees or charges	398
Pumping station telephone	<u>958</u>
	<u>\$ 11,159</u>

Utilities:

Double-box culvert	\$ 233
Pumping station	8,025
Corporate Woods relief wells	<u>191</u>
	<u>\$ 8,449</u>

Debt Service

Interest on bonds	<u>\$ 83,248</u>
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The accompanying notes are an integral part of these financial statements.