SPRINGFIELD METRO SANITARY DISTRICT
Springfield, Illinois

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

For the Year Ended April 30, 2014

SPRINGFIELD METRO SANITARY DISTRICT
Springfield, Illinois

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	3-4
Financial statements	
Statement of Net Position	5
Statement of Revenues, Expenses and Changes in Net Position	6
Statement of Cash Flows	7
Notes to Financial Statements	8-25
Required Supplemental Information	
Required Supplemental Information	26
Other Supplemental Data (Unaudited)	
Schedule of Assessed Valuations, Rates, Extensions and Collections	27
Rate Increases and Rate Schedule	28
Schedule of Revenues and Expenses Required by Ordinance 2009-29	29

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CERTIFIED PUBLIC ACCOUNTANTS

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Springfield, IL 62702
217-787-0563
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June 9, 2014

Board of Trustees
Springfield Metro Sanitary District
Springfield, Illinois

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Springfield Metro Sanitary District, Springfield, Illinois (the "District"), as of and for the year ended April 30, 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 accounting principles generally accepted in the United States of America; 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Springfield Metro Sanitary District, Springfield, Illinois, as of April 30, 2014, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Summary of Funding Progress relative to the post employment benefits other than pension and the Illinois Municipal Retirement Fund defined benefit plan are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of measurement and presentation of the supplementary information. 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 made for the purpose of forming opinions on the financial statements that collectively comprise the Springfield Metro Sanitary District, Springfield, Illinois' basic financial statements. The accompanying financial information listed as *"Other Supplemental Data"* in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated June 9, 2014, on our consideration of the Springfield Metro Sanitary District, Springfield, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Springfield Metro Sanitary District, Springfield, Illinois' internal control over financial reporting and compliance.

Respectfully submitted,

Pehlman & Dold, P.C.

PEHLMAN & DOLD, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
SPRINGFIELD, ILLINOIS

J. Timothy Cravens, C.P.A.
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June 9, 2014

Board of Trustees
Springfield Metro Sanitary District
Springfield, Illinois

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the Springfield Metro Sanitary District, Springfield, Illinois, as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the Springfield Metro Sanitary District, Springfield, Illinois' basic financial statements, and have issued our report thereon dated June 9, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Springfield Metro Sanitary District, Springfield, Illinois' internal control over financial reporting internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Springfield Metro Sanitary District, Springfield, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the Springfield Metro Sanitary District, Springfield, Illinois' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Springfield Metro Sanitary District, Springfield, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Pehlman & Dold, P.C.

PEHLMAN & DOLD, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
SPRINGFIELD, ILLINOIS

SPRINGFIELD METRO SANITARY DISTRICT
Springfield, Illinois

STATEMENT OF NET POSITION
April 30, 2014

ASSETS	
Current assets:	
Cash	$ 1,008,172
Receivables:	
Sewer service charges	2,832,440
Property taxes	2,662,431
Replacement taxes	61,165
Illinois Environmental Protection Agency	518,432
U.S. Treasury	759,786
Prepaid expenses	55,394
Restricted assets:	
Restricted cash	17,482,601
Special assessment receivables	17,868
Low pressure receivables	7,500
Total current assets	25,405,789
Non-current assets:	
Capital assets:	
Land	718,322
Property, plant and equipment, net	165,802,232
Construction in progress	43,736,120
Total capital assets	210,256,674
Special assessment receivable	31,403
Low pressure receivables	36,800
Total noncurrent assets	210,324,877
Total assets	235,730,666
LIABILITIES	
Current liabilities:	
Accounts payable	331,423
Accounts payable capital outlay	706,591
Accrued vacation and payroll	1,155,129
Accrued interest payable	2,142,719
Current portion of Illinois Environmental Protection Agency	1,555,575
Current portion of bonds payable	7,800,000
Total current liabilities	13,691,437
Non-current liabilities:	
Bonds payable	110,490,000
Illinois Environmental Protection Agency wastewater treatment loans	44,724,264
Net other post employment benefit obligations	1,971,917
Total non-current liabilities	157,186,181
Total liabilities	170,877,618
DEFERRED INFLOWS OF RESOURCES	
Deferred property taxes	2,662,431
NET POSITION	
Net investment in capital assets	46,552,651
Restricted – debt service	15,815,206
Unrestricted	(177,240)
Total net position	$ 62,190,617

The Notes to the Financial Statements are an integral part of this statement.

SPRINGFIELD METRO SANITARY DISTRICT
Springfield, Illinois

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended April 30, 2014

Operating Revenues:	
Sewer service charge	$19,155,389
Sewer permits	258,385
Special waste fees	152,527
Lab fees	21,053
Low pressure system payments	117,000
Annexation fees	405
Total operating revenues	19,704,759
Operating Expenses	
Plant operations	7,513,645
Pump station	933,559
Sewer operations	560,010
Management and administration	3,655,279
Other postemployment benefits	396,868
Depreciation	2,846,603
Total operating expenses	15,905,964
Operating income	3,798,795
Non-operating Revenues (Expenses)	
Property taxes	2,652,010
Federal sources – Build America Bonds	1,520,392
Illinois replacement taxes	370,645
Interest income	8,569
Rental income	17,405
Refunds and reimbursements	6,856
Interest expense	(5,755,576)
Bond fees	(5,900)
Total non-operating revenues (expenses)	(1,185,599)
Change in Net Position	2,613,196
Net Position	
Beginning of year (as restated)	59,577,421
End of year	$62,190,617

The Notes to the Financial Statements are an integral part of this statement.

SPRINGFIELD METRO SANITARY DISTRICT
Springfield, Illinois

STATEMENT OF CASH FLOWS
For the Year Ended April 30, 2014

Net Cash Flows from Operating Activities:	
Cash received from customers and users	$ 19,502,509
Payments to suppliers	(8,503,598)
Payments to employees	(4,275,981)
Net cash provided by operating activities	6,722,930
Net Cash Flows from Non-Capital Financing Activities:	
Property tax receipts	2,652,010
Illinois replacement tax receipts	380,351
Federal and state receipts	2,275,451
Refunds and reimbursements	6,856
Net cash provided by non-capital financing activities	5,314,668
Net Cash Flows from Capital and Related Financing Activities:	
Principal payments on long-term debt	(4,085,599)
Bond expenses	(5,700)
Interest paid	(5,780,819)
Acquisition and construction of capital assets	(11,054,428)
Net cash used in capital and related financing activities	(20,926,546)
Net Cash Flows from Investing Activities:	
Interest income	8,569
Rental income	17,405
Net cash provided by investing activities	25,974
Net decrease in cash	(8,862,974)
***Cash** – May 1, 2013*	27,353,747
***Cash** – April 30, 2014*	$ 18,490,773
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 3,798,795
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	2,846,603
Change in operating assets and liabilities:	
Increase in receivables	(202,250)
Decrease in accounts payable	(162,451)
Increase in accrued vacation and payroll	44,847
Decrease in prepaid expenses	518
Increase in other post employment benefit obligations	396,868
Net cash provided by operating activities	$ 6,722,930

The Notes to the Financial Statements are an integral part of this statement.

Note 1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

The Springfield Metro Sanitary District, Springfield, Illinois (the "District") is a municipal corporation governed by a Board of Trustees consisting of five individuals who are appointed by the Chairman of the Sangamon County Board. Revenues consist primarily of property taxes and charges for services to customers living within an area of 165 square miles, of which the City of Springfield occupies about two-thirds. The District's revenues are therefore dependent on the economy within its territorial boundaries. Industry within the District's customer base is primarily state and local government, health care, and retail.

Adoption of New Accounting Standards:

Effective May 1, 2004, the District adopted Governmental Accounting Standards (GASB) Board Statement No. 34, *Financial statements – and Management's Discussion and Analysis – for State and Local Governments,* Statement No. 37, *Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus,* and Statement No. 38, *Certain Financial Statement Note Disclosures*. The primary impact of adopting the statements included capitalization of infrastructure (sewer lines) fixed assets, changing the presentation of fund equity, and changing the presentation of the cash flow statement from the indirect method to the direct method. Also, as part of the adoption of the new standards, the District chose to account for all of its various fund's activity and balances as a single business-type proprietary fund special purpose government entity.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant of such policies.

Reporting Entity:

For financial reporting purposes, in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards,* Section 2100, the District is a primary government in that it is a district with the authority to set and amend its budget, levy for taxes, set rates for charges, and issue bonded debt without approval from another government.

The District has developed criteria to determine whether outside agencies, such as cities, districts, and townships, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises oversight responsibility on the following:

Financial interdependency
Selection of governing authority
Designation of management
Ability to significantly influence operations
Accountability for fiscal matters
Scope of public service
Special financing relationship

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.

Government-Wide Financial Statement Presentation and Basis of Accounting:

The District uses a single business-type fund to account for all assets, liabilities, net position, revenues, and expenses. Business-type funds are used to account for operations that are financed and operated in a manner similar to private businesses where the intent is that all costs of providing certain goods and services to the general public be financed or recovered primarily through user charges. Accordingly, the District's financial statements are presented on the accrual basis of accounting. Revenues from operations, investments, and other sources are recorded when earned and expenses are recorded when liabilities are incurred.

Note 1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

Government-Wide Financial Statement Presentation and Basis of Accounting: - continued

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 are charges to customers for sanitary services. Operating expenses for the proprietary 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.

The District recognizes user charge revenues when the service is provided. Monthly cycle billing is utilized for all users. Unbilled receivables have been estimated at April 30. User charge rates are intended to generate revenues equivalent to estimated operating and replacement costs.

Service charges, permits, annexation fees, lab fees, and other miscellaneous revenues (except interest earnings) are recorded as revenues when received because they are generally not measurable until actually received. Interest earnings are recorded as earned since they are measurable and available.

Restricted Assets:

Restricted assets are cash and cash equivalents whose use is limited by legal requirements or board designation. Restricted cash represents the cash balances reserved for capital improvements, public benefit, sewer rehabilitation and replacement, special assessment debt, and bond and interest payments.

Capital Assets:

Public domain property (sewers) and other capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets are defined by the District as assets with an initial cost of more than $1,000. The District capitalizes interest expense on funds used during construction of major projects. Bond costs discounts and premiums are amortized/accreted on a straight line basis over the useful life of the bond. Depreciation is provided using the straight-line method over the following estimated lives:

	Years
Land improvements	50-100
Buildings	100
Equipment, vehicles, and machinery	30-50
Sewer system	75

Depreciation is not provided on construction in progress until the project is completed and placed in service.

Compensated Absences:

It is the District's policy to permit employees to accumulate earned but unused sick, personal, holiday and compensatory pay benefits. One sick day is earned per month, and a maximum of 80 days may be carried over into the next year. Three personal leave days are credited to an employee at the first of the year and may be carried over into the next year with no maximum to the amount carried. Holiday leave time is earned when an employee works on a holiday as determined by the District. Holiday time may be accumulated and carried over to the next year. Employees may earn compensatory time in lieu of overtime pay for overtime worked. Employees are allowed to carry a maximum of 120 hours at any time. Upon termination of employment with the District, an employee's accumulated compensated absences balance, excluding sick time, is fully vested and payable at the employee's current pay rate. Sick leave is only paid to employees who have five or more years of service with the District and the termination is in good standing.

Note 1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

Compensated Absences: - continued

Employees receive vacation time based on their prior year service. Vacation days are given to employees on January 1st and they have sixteen months to use it. Any unused time is lost. Upon termination employees are paid for current unused time as well as time earned in the current year for the following year.

Reservations of Net Position:

The District records reservations for portions of net position which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditure. Unrestricted net position indicates that portion of net position, which is available for appropriations, in future periods. Net position reserves have been established for encumbrances in capital projects and for future debt service.

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, expenses, gains, losses, and other changes in net position during the reporting period. Actual results could differ from those estimates.

Sewer Service Charges Receivable:

A majority of the sewer service charges receivable is billed and collected by other governmental agencies and then remitted to the District. The governmental agencies each have a separate collection policy. All of sewer service charges receivable are deemed collectible.

Cash and Cash Equivalents:

For purposes of reporting cash flows, the District considers all cash accounts that are not subject to withdrawal restrictions or penalties, and certificates of deposit with original maturities of 90 days or less, to be cash or cash equivalents.

Note 2. *CASH AND INVESTMENTS*

Statutes permit the District to make deposits/invest in obligations of the United States Government, direct obligations of any bank as defined by the Illinois Banking Act, short-term obligations of United States corporations, subject to certain conditions, money market mutual funds with portfolios limited to U.S. Government obligations, credit union shares, the Illinois Public Treasurer's Investment Pool (IPTIP) and repurchase agreements, subject to certain conditions.

All funds of the District must be deposited and invested according to these statutes. Depository banks use the Dedicated Method of collateralization, placing approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) Insurance. External investment pools use the Pooling Method of collateralization. Due to the nature of external investment pools, participants maintain separate investment accounts representing a proportionate share of the pool assets and its respective collateral. Collateral is maintained in the name of the investment pool.

The District has deposits in the Illinois Funds Money Market Fund. The Illinois Funds are not subject to direct regulatory oversight of the Security and Exchange Commission, however, the funds are managed by the State of Illinois Treasurer's Office in accordance with state statues. The fair value of the position in the external investment pool is the same as the value of the pool shares.

Note 2. *CASH AND INVESTMENTS*

The following is disclosed regarding coverage as of April 30, 2014.

a) The total amount of FDIC coverage as of April 30, 2014 was $250,000.

b) Dedicated Method: The market value of securities pledged was $-0-.

c) Pooling Method: Deposits in external investment pools are fully collateralized.

(a) Deposits:

At April 30, 2014, the carrying amount of the District's deposits (cash and interest bearing demand accounts at financial institutions), which excludes petty cash of $400, was $18,490,373, and the bank balance was $18,966,656.

	Carrying Amount	Bank Balance
Cash	$ 143,873	$ 331,770
Illinois Funds Money Market Fund	18,346,500	18,634,886
	$18,490,373	$18,966,656

(b) Investments:

The District currently has no deposits they consider to be investments.

(c) Investment Policies:

Interest Rate Risk: The District has no formal policy on interest rate risk. This is the risk that changes in market interest rates will adversely affect the fair market value of an investment. In general, the longer the maturity, the greater the chance that interest rate changes will adversely affect the investment.

Custodial Credit Risk: The District has no formal policy on custodial credit risk. This is the risk that in the event of the failure of the counterparty (ie financial institution) to a transaction, a government will not be able to recover the value of its deposits or investments or collateral securities that are in the possession of another party. Of the District's total cash and cash equivalents, $-0- was subject to custodial credit risk.

Credit Risk: The District has no formal policy on credit risk. Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentration Risk: The District's Board places no limit on the amount that can be invested with any single issuer. Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer.

Note 3. *PROPERTY TAXES*

The District's ad valorem property tax was levied by ordinance on October 29, 2013 on the assessed value listed and attached as an enforceable lien as of the prior January 1 for all real and business property located in the District. Taxes levied in one year become due and payable in two installments in June and September during the following year. Substantial collections of real estate taxes are typically received July through October.

Note 3. *PROPERTY TAXES*

The District accounts for property taxes using requirements that taxes relating to the current budget be recognized as revenue currently; and a property tax assessment made during the current year for the purpose of and relating to the following fiscal period budget be recorded as receivable and the related revenue deferred to the period for which it was levied.

The 2012 tax levy is reflected as revenue in the fiscal year ending April 30, 2014. Forfeited, objected, and delinquent tax distributions are recognized as revenues when collected.

Property taxes levied in 2013 to be collected in 2014 have been recognized as assets (property taxes receivable) and deferred inflow as these taxes have been matched to be used in the 2015 budget.

The tax rates and assessed valuation for the years are as follows:

	Levy Year	
	2012	2013
General	.0488	.0517
Illinois Municipal Retirement Fund	.0248	.0243
Sewer Treatment	.0094	.0092
Social Security	.0085	.0083
Total	.0915	.0935
Assessed valuation	$2,811,633,693	$2,847,520,122

Note 4. *SPECIAL ASSESSMENT RECEIVABLES*

The special assessment receivables are received in annual installments of principal and interest, at a rate not to exceed 6.50%, through 2019. The following summarizes the remaining principal installments receivable under the assessment:

Fiscal Year	Principal
April 30, 2015	$ 17,868
April 30, 2016	14,855
April 30, 2017	5,516
April 30, 2018	5,516
April 30, 2019	5,516
	$ 49,271

Note 5. *CAPITAL ASSETS*

Capital asset activity for the year ended April 30, 2014:

	Balances April 30, 2013	Additions	Deletions	Transfers	Balances April 30, 2014
Capital Assets not being Depreciated:					
Land	$ 610,239	$ 108,083	$	$	$ 718,322
Construction in progress	35,267,758	10,174,965		(1,706,603)	43,736,120
Total non-depreciable capital assets	$ 35,877,997	$10,283,048	$	$(1,706,603)	$ 44,454,442

Note 5. ***CAPITAL ASSETS***

Capital asset activity for the year ended April 30, 2014: - continued

	Balances April 30, 2013	Additions	Deletions	Transfers	Balances April 30, 2014
Capital Assets being Depreciated:					
Land improvements	$ 1,611,598	$	$	$	$ 1,611,598
Buildings	40,777,092				40,777,092
Equipment, vehicles, and machinery	51,766,874	523,280			52,290,154
Sewer system	104,393,219	43,237		1,706,603	106,143,059
Total depreciable capital assets	$198,548,783	$ 566,517	$	$ 1,706,603	$200,821,903
Less Accumulated Depreciation:					
Land improvements	$ 285,745	$ 35,695	$	$	$ 321,440
Buildings	3,923,078	372,007			4,295,085
Equipment, vehicles, and machinery	6,478,633	1,062,236			7,540,869
Sewer system	21,485,612	1,376,665			22,862,277
Total accumulated depreciation	$ 32,173,068	$ 2,846,603	$	$	$ 35,019,671
Total capital assets	$202,253,712	$ 8,002,962	$	$	$210,256,674

Interest capitalized as construction period interest for the new sewer wastewater treatment plant is $973,280. Total interest on long-term debt associated with the acquisition or construction of capital assets expensed during the year ended April 30, 2014 was $5,705,791.

Note 6. ***LONG-TERM DEBT***

Loans Payable:

Illinois Environmental Protection Agency Revolving Loans:

(a) On September 21, 2009, the District was granted a wastewater treatment works loan, under the provision of the Environmental Protection Act, in the amount of $20,000,000 at zero percent interest. In order to secure this loan, the District authorized the issuance of the Series 2009D Subordinate Lien Bonds. $10,000,000 of eligible costs were funded by the Water Pollution Control Loan Program and will be required to be repaid fully. The other $10,000,000 of eligible costs was funded under the American Recovery and Reinvestment Act of 2009, of which only $5,000,000 will be required to be repaid. Principal payments of $375,000 payments began April 2012 and are due each April and October thru 2031. The balance of the loan at April 30, 2014 was $13,125,000. The $5,000,000 of loan forgiveness was included in non-operating income for fiscal year 2012. Repayment of the loan is secured by a lien on the net revenue of the District subordinate to the pledge of revenues that has been granted to the 2009A and 2009E Bonds, and the 2011A Bonds the 2010A and 2010B Bonds.

The following is the future payment obligations on the Illinois Environmental Protection Agency loan:

Fiscal Year	Principal	Interest	Total
April 30, 2015	$ 750,000	$	$ 750,000
April 30, 2016	750,000		750,000
April 30, 2017	750,000		750,000
April 30, 2018	750,000		750,000
April 30, 2019 – 2032	10,125,000		10,125,000
Total	$13,125,000	$	$13,125,000

Note 6. *LONG-TERM DEBT*

Loans Payable:

Illinois Environmental Protection Agency Revolving Loans: - continued

(b) On July 28, 2010, the District was granted a $20,000,000 loan from the Illinois Environmental Protection Agency, pursuant to the Environmental Protection Act, from the Water Revolving Fund. In order to secure this loan, the District authorized the issuance of the Series 2010C Subordinate Lien Bonds. The loan has a fixed interest rate of 1.25% and was used to construct Phase III of a four-phased new wastewater treatment plant. $20,000,000 of eligible costs were funded from the Water Pollution Control Loan Program, of which $2,500,000 was forgiven and was recognized as non-operating income for fiscal year 2012. Payments began May 1, 2012 and continue through November 1, 2031. The balance of the loan at April 30, 2014 was $15,654,839. Repayment of the loan is secured by a lien on the net revenue of the District subordinate to the pledge of revenues that has been granted to the 2009A and 2009E Bonds, and the 2011A Bonds the 2010A and 2010B Bonds.

The following is the future payment obligations on the Illinois Environmental Protection Agency loan:

Fiscal Year	Principal	Interest	Total
April 30, 2015	$ 805,575	$ 193,176	$ 998,751
April 30, 2016	815,676	183,075	998,751
April 30, 2017	836,260	162,491	998,751
April 30, 2018	846,746	152,005	998,751
April 30, 2019 – 2032	12,350,582	1,132,554	13,483,136
Total	$15,654,839	$1,823,301	$17,478,140

(c) As of June 30, 2011 the Springfield Metro Sanitary District, Springfield, Illinois was approved for a loan from the Water Pollution Control Loan Program in the amount of $20,000,000 at a 1.25% simple annual interest rate. In accordance with the procedures for issuing loans from the Water Pollution Control Loan Program Title 35 Illinois Administration Code 365.260 $2,500,000 of the loan amount will be forgiven by the State of Illinois.

In order to secure this loan, the District authorized the issuance of the Series 2011B Subordinate Lien Bonds. The proceeds of the loan will be used in the construction of Phase IV of the new Spring Creek Wastewater Treatment Plant. The $2,500,000 of loan forgiveness was included in nonoperating income for the fiscal year 2013. The balance of the loan at April 30, 2013 was $17,500,000, which included federal receipts of $13,853,408. Repayment of the loan is secured by a lien on the net revenue of the District subordinate to the pledge of revenues that has been granted to the 2009A, 2009E, 2010A, 2010B, and 2011A Bonds.

As of April 2014 a repayment schedule for this loan had not been received by the District.

Bond Issues:

(a) Springfield Metro Sanitary District, Springfield, Illinois issued General Obligation Bonds (Alternate Revenue Source) in the amount of $1,705,000 dated November 27, 2007 pursuant to Ordinance 2007-33. Fixed interest rates range from 5.00 to 5.20%, with interest paid semiannually each January 1st and July 1st. The proceeds of the bond were used to fund the District's Early Retirement Incentive liability to the Illinois Municipal Retirement Fund, and to pay interest on the bonds through July 2008 and issuance costs. The Bonds are payable from the District's IMRF property tax levy. The 2007A Bonds are additionally payable from a levy of ad valorem property taxes if the IMRF property tax levy is not sufficient to pay the bonds.

Note 6. *LONG-TERM DEBT*

Bond Issues: - continued

The following is future payment obligations on the bonds, Series 2007:

Fiscal Year	Principal	Interest	Total
April 30, 2015	$ 240,000	$ 39,036	$ 279,036
April 30, 2016	260,000	27,035	287,035
April 30, 2017	135,000	13,905	148,905
April 30, 2018	135,000	7,020	142,020
Total	$ 770,000	$ 86,996	$ 856,996

(b) Springfield Metro Sanitary District, Springfield, Illinois issued General Obligation Bonds (Alternate Revenue Source), Series 2009-A, in the amount of $18,800,000 for the purpose of redeeming in full the District's Sewer Revenue Bonds, Series 2007, and also to pay for capital improvements including engineering studies on the District's combined sewer overflows, and to pay interest and other costs related to the issuance of these bonds. The bonds were issued pursuant to an authorizing ordinance adopted by the Board of Trustees on January 27, 2009, a master bond ordinance adopted by the board on June 30, 2009 and the Series 2009A Bond Ordinance adopted June 30, 2009. Principal payments ranging from $530,000 to $870,000 are due each January 1st from 2011 to 2039. The bonds carry interest rates ranging from 3.00% to 5.25% and shall pay interest semiannually on January 1st and July 1st. The 2009A Bonds are secured and payable from a lien on the net revenues of the District that is subordinate to the lien of any Senior Lien Bonds that may be issued under the master bond ordinance, including the 2010A, 2010B, and 2011A Bonds. The 2009A Bonds are additionally payable from a levy of ad valorem property taxes if net revenues are not sufficient to pay the bonds.

The following is future payment obligations on the bonds, Series 2009A:

Fiscal Year	Principal	Interest	Total
April 30, 2015	$ 600,000	$ 768,150	$ 1,368,150
April 30, 2016	615,000	750,150	1,365,150
April 30, 2017	635,000	731,700	1,366,700
April 30, 2018	660,000	706,300	1,366,300
April 30, 2019	685,000	679,900	1,364,900
April 30, 2020 – 2024	2,670,000	3,038,112	5,708,112
April 30, 2025 – 2029	3,410,000	2,288,851	5,698,851
April 30, 2030 – 2034	3,345,000	1,456,293	4,801,293
April 30, 2035 – 2039	3,955,000	612,750	4,567,750
Total	$16,575,000	$11,032,206	$27,607,206

(c) Springfield Metro Sanitary District, Springfield, Illinois issued $38,860,000 taxable General Obligation Bonds, Series 2009E, for the purposes of paying for the construction costs for a new treatment plant and facilities upgrade at the District's Spring Creek site, and to pay for the interest and costs related to the issuance of this bond. The bonds were issued pursuant to an authorizing ordinance adopted by the Board of Trustees on January 27, 2009, a master bond ordinance adopted by the Board on June 30, 2009 and the Series 2009E Bond ordinance adopted September 20, 2009. The bonds are dated October 28, 2009 carry an interest rate of 6.22% and mature January 1, 2049. Principal payments ranging from $2,365,000 to $2,675,000 are due each January 1st from 2037 to 2049. The bonds shall pay interest semiannually on January 1st and July 1st. The 2009E Bonds are issued on parity with the 2009A Bonds and are secured and payable from a lien on the net revenues of the District that is subordinate to the lien of any Senior Lien Bonds that may be issued under the Master Bond Ordinance, including the 2010A, 2010B, and 2011A Bonds. The 2009E Bonds are additionally payable from a levy of ad valorem property taxes if net revenues are not sufficient to pay the bonds. The District elected to issue the 2009E Bonds as taxable "Build America Bonds" under which, subject to compliance with applicable federal tax regulations, the District will be eligible to receive reimbursement from the United States Government for 35% of the interest expense of the issue. The Budget Control Act of 2011 allows the United States Government to sequester portions of the reimbursement through federal fiscal year 2021. The percentage reduction for federal fiscal year 2014 is 7.2%.

Note 6. ***LONG-TERM DEBT***

Bond Issues: *- continued*

The following is future payment obligations on the bonds, Series 2009E:

Fiscal Year	Principal	Interest	Total
April 30, 2015	$	$ 2,417,092	$ 2,417,092
April 30, 2016		2,417,092	2,417,092
April 30, 2017		2,417,092	2,417,092
April 30, 2018		2,417,092	2,417,092
April 30, 2019		2,417,092	2,417,092
April 30, 2020 – 2024		12,085,460	12,085,460
April 30, 2025 – 2029		12,085,460	12,085,460
April 30, 2030 – 2034		12,085,460	12,085,460
April 30, 2035 – 2039	7,515,000	11,634,199	19,149,199
April 30, 2040 – 2044	14,825,000	7,977,150	22,802,150
April 30, 2045 – 2049	16,520,000	2,998,973	19,518,973
Total	$38,860,000	$70,952,162	$109,812,162

(d) Springfield Metro Sanitary District, Springfield, Illinois issued $37,140,000 Sewer Revenue Taxable Senior Lien Bonds, Series 2010A (Build America Bonds), and $3,065,000 Sewer Revenue Bonds, Series 2010B dated April 27, 2010, for the purposes of paying for a portion of the costs for a new treatment plant and facilities upgrade at the District's Spring Creek site, for the redemption of the District's outstanding 2009B and 2009C bond series, to fund debt service reserve funds with respect to the 2010 bonds, and to pay interest and costs related to the issuance of these bonds. The bonds were issued pursuant to an authorizing ordinance duly adopted by the Board of Trustees on November 28, 2008 and January 26, 2010, a master bond ordinance duly adopted by the Board on June 30, 2009 and the Series 2010 Bond Ordinance adopted March 30, 2010. Principal payments ranging from $255,000 to $2,510,000 are due each January 1st from 2011 to 2036. The bonds carry varying interest rates from 4.098-6.498% for the 2010A Series and 2.50-4.00% for the 2010B Series. The bonds shall pay interest semiannually on January 1st and July 1st. The 2010A and 2010B bonds are secured and payable from a lien on the net revenues of the District as defined in the Master Bond Ordinance. The District elected to issue the 2010A Bonds as taxable "Build America Bonds" under which, subject to compliance with applicable federal tax regulations, the District will be eligible to receive reimbursement from the United States Government for 35% of the interest expense of the issue. The Budget Control Act of 2011 allows the United States Government to sequester portions of the reimbursement through federal fiscal year 2021. The percentage reduction for federal fiscal year 2014 is 7.2%.

The following is future payment obligations on the bonds, Series 2010A&B:

Fiscal Year	Principal	Interest	Total
April 30, 2015	$ 1,195,000	$ 2,277,241	$ 3,472,241
April 30, 2016	1,170,000	2,232,223	3,402,223
April 30, 2017	1,205,000	2,180,651	3,385,651
April 30, 2018	1,240,000	2,121,508	3,361,508
April 30, 2019	1,280,000	2,057,511	3,337,511
April 30, 2020 – 2024	7,140,000	9,150,952	16,290,952
April 30, 2025 – 2029	8,690,000	6,770,412	15,460,412
April 30, 2030 – 2034	10,660,000	3,734,075	14,394,075
April 30, 2035 – 2039	4,920,000	482,802	5,402,802
Total	$37,500,000	$31,007,375	$68,507,375

Note 6. *LONG-TERM DEBT*

Bond Issues: *- continued*

(e) Springfield Metro Sanitary District, Springfield, Illinois issued Senior Lien Revenue Bonds, Series 2011-A, in the amount of $20,120,000 for the purpose of paying a portion of the costs of the Spring Creek Wastewater Treatment Plant (including but not limited to Phase IV), funding reserve accounts for the Series 2011A Bonds, and paying the costs of issuing the Series 2011A Bonds. The bonds were issued pursuant to an authorizing ordinance adopted by the Board of Trustees on January 27, 2009, a master bond ordinance adopted by the Board on June 30, 2009 a Revenue Bond Authorizing Ordinance adopted February 22, 2011, and the Series 2011A Bond Ordinance adopted July 26, 2011. The bonds carry varying interest rates ranging from 2.5-5% and shall pay interest semiannually on January 1st and July 1st.

The following is the future payment obligations on the bonds, Series 2011A:

Fiscal Year	Principal	Interest	Total
April 30, 2015	$ 565,000	$ 892,150	$ 1,457,150
April 30, 2016	580,000	875,200	1,455,200
April 30, 2017	595,000	857,800	1,452,800
April 30, 2018	620,000	834,000	1,454,000
April 30, 2019	640,000	815,400	1,455,400
April 30, 2020 – 2022	16,385,000	1,566,100	17,951,100
Total	$19,385,000	$5,840,650	$25,225,650

(f) Springfield Metro Sanitary District, Springfield, Illinois issued $5,200,000 Sewer Revenue Subordinate Lien Bonds, Series 2012. The proceeds will be used for planning, design and engineering of the renovation and upgrade of the District's Sugar Creek Plant to increase the design average flow and maximum design flow of the plan, as well as pay costs related to the issuance of the bond and fund a reserve account. The bonds were issued pursuant to a Master Bond Ordinance passed on June 30, 2009, as supplemented by the authorizing ordinance passed December 20, 2011, and the Series 2012 ordinance passed on March 27, 2012. The bonds carry an interest rate of 1.35% with semiannual interest payment due January 1st and July 1st. Repayment of the loan is secured by a lien on the net revenue of the District subordinate to the pledge of revenues that has been granted to the 2009A and 2009E Bonds, and the 2011A Bonds the 2010A and 2010B Bonds.

The following is the future payment obligations on the bonds, Series 2012:

Fiscal Year	Principal	Interest	Total
April 30, 2015	$5,200,000	$ 46,800	$5,246,800

Postemployment Benefits Other Than Pensions (OPEB):

Effective for 2009-2010 fiscal year, the District implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* for certain postemployment health care benefits provided by the District. The requirements of this Statement are being implemented prospectively, with the actuarially accrued liability for the benefits of $6,093,534 at the May 1, 2009 date of transition being amortized over 30 years. Accordingly, for financial reporting purposes, no liability is reported for the postemployment health care benefits liability at the date of transition.

Plan Description. The District administers single-employer defined benefit healthcare plan. Both members of the collective Bargaining Agreement of the Springfield Metro Sanitary District, Springfield, Illinois and non-union employees are eligible for post-retirement medical coverage. For retirement benefits, the employee must have worked at least 8 years and must be at least 55 years old. Special arrangements may be made under an Early Retirement incentive program.

Note 6. ***LONG-TERM DEBT***

Postemployment Benefits Other Than Pensions (OPEB): *- continued*

The District will pay 50% of the full blended premium cost for single coverage for employees who retire after age 55 with 8 or more years of service. If the employee has over 20 years of service, the District will pay 75 percent of the full blended premium cost for single coverage. If the employee has over 30 years of service, the District will pay the entire full blended premium cost for single coverage.

Retirees may elect to cover themselves and their spouses, as long as the spouse had been covered for at least one year before the employee retired. The retiree must pay the difference between the "Employee plus spouse" rate and the "Employee only" rate. Retirees are covered for their natural lives; spouses may be covered for as long as the retiree lives, plus 18 additional months COBRA coverage as long as the premiums are paid.

Funding Policy. The current funding policy is to pay post retirement medical and insurance benefits for premiums as they occur. The funding policy of the District may be amended by the Board.

Annual OPEB Cost and Net OPEB Obligation. The District's other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the net OPEB obligation:

Estimated annual required contribution	$ 744,064
Interest on net OPEB obligation	74,815
Adjustment to annual required contribution	(142,426)
Estimated annual OPEB cost	676,453
Contributions made	(279,585)
Estimated increase in net OPEB obligation	396,868
Net OPEB obligation – beginning of year	1,575,049
Estimated net OPEB obligation – end of year	$1,971,917

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year End Date	Estimated Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
4/30/11	$674,533	40.07%	$ 801,235
4/30/12	624,290	42.50%	1,159,909
4/30/13	695,134	40.30%	1,575,049
4/30/14	676,453	41.30%	1,971,917

Funding Status and Funded Progress. As of April 30, 2014, the most recent actuarial valuation date, the actuarial accrued liability was $7,777,194 and the actuarial value of assets was $-0- resulting in an unfunded actuarial accrued liability (UAAL) of $7,777,194. The covered payroll (annual payroll of active employees covered by the plan) was $3,633,162, and the ratio of the UAAL to the covered payroll was 214.06 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial valuation of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 6. *LONG-TERM DEBT*

Postemployment Benefits Other Than Pensions (OPEB): *- continued*

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year End Date	Employer Contribution	Annual Required Contribution (ARC)	Percent Contributed
4/30/10	$260,888	$657,879	39.70%
4/30/11	272,267	674,533	40.07%
4/30/12	265,615	624,290	42.50%
4/30/13	279,994	695,134	40.30%
4/30/14	279,585	676,453	41.30%

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the most recent actuarial valuation, the Projected Unit Credit method was used to make early distributions to the liability over the working life time of the employees. The actuarial assumptions include a discount rate of 4.75 percent and a 30 year amortization period. Other assumptions are as follows:

Health Care Trend Rate – The rate for the initial year is lowered gradually over a select period of time and ultimately settles at a permanent lower level. Medical inflation for all participants exceeded 10.5 percent in 2009, so the rates decrease from here down to 4 percent.

Mortality – Life expectancies were based off the 1995 George B. Buck Tables for public employees.

Turnover – The rate of turnover was based on the assumption that turnover is relatively low and thus based on 80 percent of the rates shown in the standard Vaughn Table after the first three years of employment.

Retirement Rates – Rates were determined from the database of retirees and calculated specifically for the District and range from 6 to 100 percent.

Note 7. *CHANGES IN LONG-TERM DEBT*

The following is a summary of the long-term debt transactions of the District for the year ended April 30, 2014:

	Balance April 30,2013	Additions	Retirements	Balance April 30,2014
IEPA Wastewater Treatment Loans	$ 47,825,437	$	$1,545,598	$ 46,279,839
IMRF Bonds	985,000		215,000	770,000
General Obligation Bonds	56,015,000		580,000	55,435,000
Revenue Bonds	63,830,000		1,745,000	62,085,000
Other Post Employment Benefits	1,575,049	396,868		1,971,917
Totals	$170,230,486	$ 396,868	$4,085,598	$166,541,756

Note 8. ***DEFINED BENEFIT PENSION PLAN***

Plan Description. The District's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District plan is affiliated with the Illinois Municipal Retirement Fund *("IMRF")*, an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the District Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District annual required contribution rate for calendar year 2013 was 15.50 percent. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2013 was $623,276.

THREE-YEAR TREND INFORMATION
FOR THE REGULAR PLAN

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	$623,276	100%	$ 0
12/31/12	589,559	100%	0
12/31/11	578,207	100%	0

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included *(a)* 7.5 percent investment rate of return (net of administrative and direct investment expenses), *(b)* projected salary increases of 4.00 percent a year, attributable to inflation, *(c)* additional projected salary increases ranging from .4 to 10 percent per year depending on age and service, attributable to seniority/merit, and *(d)* post-retirement benefit increases of 3 percent annually. The actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The District Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 61.07 percent funded. The actuarial accrued liability for benefits was $9,239,411 and the actuarial value of assets was $5,642,543, resulting in an underfunded actuarial accrued liability (UAAL) of $3,596,868. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was $4,021,135 and the ratio of the UAAL to the covered payroll was 89 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets in increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 9. ***MULTIEMPLOYER PENSION PLANS***

The District contributes to a multiemployer defined benefit pension plan under the terms of a collective-bargaining agreement that covers its union-represented employees. The risk of participating in multiemployer plans is different from single-employer pension plans in the following aspects:

Note 9. *MULTIEMPLOYER PENSION PLANS*

(a) Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.

(b) If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

(c) If the District stops participating in its multiemployer pension plan, it may be required to pay the plan an amount based on the underfunded status of the entire plan, referred to as a withdrawal liability.

The District's participation in the plan for the fiscal year ended April 30, 2014 is outlined in the following table. Information in the table was obtained from the plan's Form 5500 for the most current available filing. These dates may not correspond with the District's fiscal year contributions. The Plan Protection Act (PPA) zone status column ranks the funded status of multiemployer pension plans depending upon a plan's current and projected funding. The zone status is based on information that the District received from the plan. Among other factors, the plan is in the Red Zone (critical) if it has a current funded percentage less than 65%. A plan is in the Yellow Zone (endangered) or Orange Zone (seriously endangered) if it has a current funded percentage of less than 80%, or projects a credit balance deficit within seven years. A plan is in the Green Zone (healthy) if it has a current funded percentage greater than 80% and does not have a projected credit balance deficit within seven years. The Funding Improvement Plan (FIP)/Rehabilitation Plan (RP) status column indicates plans for which a FIP or RP is either pending or in place.

The following table lists information about the District's multiemployer pension plan for the year ended April 30, 2014:

Plan Name:

Fund of the International Union of Operating Engineers and Participating Employers

EIN/Pension Plan Number	(1) PPA Status	FIP/RP Status Pending/ Implemented	Company Contributions	Company Contributions > 5% (2)	Expiration Date of CBA (2)
36-6052390 / 001	Green	N/A	$32,507	No	4/30/2014

(1) The Zoning status represents the most recent available information for the respective multiemployer pension plan, which may be 2013 or earlier for 2014.

(2) Collective Bargaining Agreement (CBA).

The District has no intentions of withdrawing from any of the multiemployer pension plans in which they participate.

Note 10. *RESTRICTED CASH*

At April 30, 2014, the District has a restricted cash balance of $17,482,601 comprised of the following account balances:

Special Assessment	$ 1,154,106
Public Benefit	634,119
Sewer Rehabilitation	380,669
Capital Improvement	140,854
Bond and Interest:	
2007A	208,586
2009A	1,597,093
2009E	2,706,124
2010A Principal and Interest	979,207
2010A Reserve	2,385,987
2010B Principal and Interest	15,408
2010B Reserve	315,248
2011A Principal and Interest	365,931
2011 Reserve	1,457,150
IEPA Loans	2,763,051
Capital Improvement – 2011A&B	382,465
Capital Improvement – 2010A&B	101
Capital Improvement – 2012A	1,961,765
Replacement	34,737
	$17,482,601

Amounts in the Special Assessment and Public Benefit Accounts are restricted by statute to pay for the extension of sewer lines. Upon ordinance adopted by the Board, amounts in the Public Benefit Account may be used for other purposes deemed a public benefit.

The loan agreements and bond ordinances of the District establish certain accounts for the benefit of bond holders and for specific purposes designated in the ordinances. These accounts include:

Bond and Interest: Recently funded to pay principal and interest on the 2007 and 2009 General Obligation Alternate Bonds, the 2010A&B Revenue Bonds, the 2011A Revenue Bonds, and the IEPA loans. Includes amounts deposited from bond proceeds to pay a portion of interest and establish reserve accounts for the 2010A&B Bonds, 2011A&B Bonds, and the IEPA loans.

Construction - 2010A and 2010B: Established to pay for the costs of constructing the new Spring Creek wastewater treatment plant.

Capital Improvements: Established to pay for capital improvements, and through Ordinances passed by the Board in 2007 requires the deposit of connection fees received by the District. Portions of Capital Improvement have also been restricted per the 2009 Master Bond Ordinance requiring a minimum balance of $400,000 for depreciation, repair, and replacement, established for the payment of extraordinary maintenance, necessary repairs and replacements, and ordinary maintenance when no other funds are available.

Sewer Rehabilitation: Used to pay for sewer rehabilitation and lining projects. Balances may be used to meet the minimum balance of $400,000 for depreciation, repair, and replacement established in the 2009 Master Bond Ordinance.

Amounts in other accounts have been designated by ordinance of the Board.

Note 11. ***RESTRICTED ACCOUNTS – REQUIRED BY BOND ORDINANCE 2009-29***

(a) Bond and Interest – reserve accounts:

	2007A	2009A	2009E
Cash and cash equivalents - reserve accounts April 30, 2013	$ 264,785	$1,709,963	$2,811,473
Add (deduct)			
Transfer to Bond and Interest Accounts	209,344	1,253,175	1,533,312
Build America Bond Receipts			778,726
Interest Income	48	311	511
Counsel and Reporting fees	(456)	(456)	(456)
Paying Agent Fees	(350)	(350)	(350)
Bond Principal Repayment	(215,000)	(580,000)	
Bond Interest Expense	(49,785)	(785,550)	(2,417,092)
Cash and cash equivalents – - reserve accounts April 30, 2014	$ 208,586	$1,597,093	$2,706,124

	2010A Principal & Interest	2010A Reserve	2010B Principal & Interest	2010B Reserve
Cash and cash equivalents - reserve accounts April 30, 2013	$ 895,516	$2,307,174	$ 420,441	$ 315,248
Add (deduct)				
Transfer to Bond and Interest Accounts	1,620,415	78,813	854,440	
Build America Bond Receipts	730,191			
Interest Income	163		76	
Reserve Fund Earnings	419		57	
Counsel and Reporting fees	(456)		(456)	
Paying Agent Fees	(600)		(350)	
Bond Principal Repayment			(1,200,000)	
Bond Interest Expense	(2,266,441)		(58,800)	
Cash and cash equivalents - reserve accounts April 30, 2014	$ 979,207	$2,385,987	$ 15,408	$ 315,248

	2011A Principal & Interest	2011A Reserves	IEPA Loans
Cash and cash equivalents - reserve accounts April 30, 2013	$ 486,597	$1,457,150	$2,764,911
Add (deduct)			
Transfer to Bond and Interest Accounts	1,333,287		1,747,002
Interest Income	88		501
Reserve Fund Earnings	265		
Counsel and Reporting fees	(456)		(612)
Paying Agent Fees	(350)		
Bond Principal Repayment	(545,000)		(1,545,599)
Bond Interest Expense	(908,500)		(203,152)
Cash and cash equivalents - reserve accounts April 30, 2014	$ 365,931	$1,457,150	$2,763,051

Note 11. ***RESTRICTED ACCOUNTS – REQUIRED BY BOND ORDINANCE 2009-29***

(b) Capital improvements accounts:

	Capital Improvement 2011A&B	Capital Improvement 2010A&B	Capital Improvement 2009E/2012A
Cash and cash equivalents - April 30, 2013	$6,081,209	$ 101	$3,955,248
Interest Received	645		564
Federal Stimulus – IEPA Loan and Grants received	766,534		
Refunds and reimbursements	(206)		
Capital Assets	(6,465,717)		(1,994,047)
Cash and cash equivalents April 30, 2014	$ 382,465	$ 101	$1,961,765

As of April 30, 2014 the District was in compliance with the debt covenants of the bond ordinances.

Note 12. ***RISK MANAGEMENT***

The District is exposed to various risks of loss related to torts, theft of, damages to, and destruction of assets; injuries to employees; and natural disasters. The District carries a broad range of commercial insurance coverage, including business auto liability, general liability, workers' compensation, and an umbrella policy. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Note 13. ***COMMITMENTS***

The District has entered into several capital construction contracts with Crawford, Murphy, & Tilly, Inc., for a total of $15,796,215. As of April 30, 2014, the District had made total payments on these contracts of $12,768,646 and had an outstanding contract balance of $3,027,569 for work to be completed.

The District has also entered into a capital construction contract with Williams Brothers Construction for a total contract amount of $33,007,369, of which $30,820,010 has been paid leaving an outstanding contract blance of $2,187,359.

The District also has two smaller capital construction contracts, with Prairie State Plumbing and Heating and AMCO Fence in the amounts of $349,640 and $39,120, respectively. As of April 30th, $111,412 had been paid to Priarie State Plumbing and Heating leaving an outstanding contract blanace of $238,228; and, no amount had been paid to AMCO Fence leaving the entire contract to be completed.

Note 14. ***RESTATEMENT OF BEGINNING EQUITY***

Certain amounts in the beginning net position have been restated in the fiscal year 2014 due to the implementation of GASB 65, *Items Previously Reported as Assets and Liabilities,* in which debt issuance costs should be recognized as expense in the period incurred. Beginning Net Position as been restated as follows:

Beginning Net Position as previously reported	$59,562,441
Adjustment for previously capitalized debt issuance costs	14,980
Beginning Net Position as restated	$59,577,421

Note 15. *SUBSEQUENT EVENTS*

Management has evaluated subsequent events through July 21, 2014, which is the date the financial statements were available to be issued. As of July 21, 2014, management has identified no subsequent events requiring recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

SPRINGFIELD METRO SANITARY DISTRICT
Springfield, Illinois

REQUIRED SUPPLEMENTAL INFORMATION
April 30, 2014

SCHEDULE OF FUNDING PROGRESS FOR THE REGULAR PLAN

POST EMPLOYMENT BENEFITS OTHER THAN PENSION

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
4/30/13	$ --	$7,160,556	$7,160,556	0.00%	$3,633,162	197.09%
4/30/12	--	7,229,842	7,229,842	0.00%	3,634,741	198.91%
4/30/11	--	6,442,604	6,442,604	0.00%	3,507,737	183.67%
4/30/10	--	6,586,088	6,586,088	0.00%	2,901,012	227.03%

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS

DEFINED BENEFIT PENSION PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/12	$5,642,543	$9,239,411	$3,596,868	61.07%	$4,021,135	89.45%
12/31/12	4,216,001	8,553,163	4,337,162	49.29%	3,650,520	118.81%
12/31/11	3,023,758	7,435,784	4,412,026	40.66%	3,340,309	132.08%

On a market value basis, the actuarial value of assets as of December 31, 2013 is $7,907,329. On a market basis, the funded ratio would be 85.58%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Springfield Metro Sanitary District, Springfield, Illinois. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

OTHER SUPPLEMENTAL DATA (UNAUDITED)

SPRINGFIELD METRO SANITARY DISTRICT
Springfield, Illinois

SCHEDULE OF ASSESSED VALUATIONS, RATES
EXTENSIONS AND COLLECTIONS
(Unaudited)
Tax Years 2013 and 2012

	2013 Taxes Payable in 2014	2012 Taxes Payable in 2013
Assessed Valuation	$2,847,520,122	$2,811,633,693
Estimated Actual Value	$8,542,560,366	$8,434,901,079
Tax Rates:		
General	.0517	.0488
Illinois municipal retirement	.0243	.0248
Sewer treatment	.0092	.0094
Social security	.0083	.0085
Total	.0935	.0915
Extensions:		
General	$1,472,168	$1,372,077
Illinois municipal retirement	691,947	697,285
Sewer treatment	261,972	264,294
Social security	236,344	238,989
Total	$2,662,431	$2,572,645
Collections:		$2,561,107

BILLABLE WATER FLOWS

Number of customers	58,790
Number of units	6,188,929
1 unit is equal to 748 gallons	
Gallons billed for calendar year 2012	4,629,318,892

SPRINGFIELD METRO SANITARY DISTRICT
Springfield, Illinois

RATE INCREASES AND RATE SCHEDULE
For the Year Ended April 30, 2014

		7/1/2008	Fiscal Years Ending April 30,							
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Rate 1a – Suburban Springfield Base User Charge										
User Charge (per CCF)	$ 1.00	$ 1.32	$ 1.73	$ 2.27	$ 2.98	$ 3.90	$ 4.14	$ 4.39	$ 4.65	$ 4.93
Service Charge (monthly	2.40	3.16	4.14	5.44	7.13	9.36	9.93	10.52	11.15	11.82
Collection Charge	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50
Rate 1b – City of Springfield Baser User Charge										
User Charge (per CCF) net	.50	.66	.87	1.14	1.49	1.95	2.07	2.20	2.33	2.47
Service charge (monthly)	1.20	1.58	2.07	2.72	3.57	4.68	4.97	5.26	5.58	5.91
Collection Charge	.25	.25	.25	.25	.25	.25	.25	.25	.25	.25
Rate 1c – District Base User Charge										
User Charge (per CCF) net	.50	.66	.87	1.14	1.49	1.95	2.07	2.20	2.33	2.47
Service Charge (monthly)	1.20	1.58	2.07	2.72	3.57	4.68	4.97	5.26	5.58	5.91
Collection Charge	.25	.25	.25	.25	.25	.25	.25	.25	.25	.25
Rate 1d – District Unmetered User Charge										
Within Springfield	4.05	4.51	5.76	7.41	9.59	12.40	13.11	13.87	14.87	15.52
Outside of Springfield	11.50	14.29	18.60	24.26	31.70	41.45	43.91	46.52	49.28	52.20
Rate 1e – Surcharge										
BOD Surcharge	.05	.07	.09	.11	.15	.20	.21	.22	.23	.25
TSS Surcharge	.07	.09	.12	.16	.21	.27	.29	.31	.33	.34
Base User Charge	.10	.13	.17	.23	.30	.39	.41	.44	.46	.49
BOD Surcharge	.02	.03	.03	.05	.06	.08	.08	.09	.09	.10
TSS Surcharge	.02	.03	.03	.05	.06	.08	.08	.09	.09	.10

SPRINGFIELD METRO SANITARY DISTRICT
Springfield, Illinois

SCHEDULE OF REVENUES AND EXPENSES REQUIRED BY ORDINANCE 2009-29
For the Year Ended April 30, 2014

	Statement of Revenues and Expenses	Less IMRF	Less Public Benefits	Less Special Assessments	Other Adjustments	Required by Ordinance 2009-29
Operating Revenues:						
Sewer service charges	$19,155,389	$	$	$	$	$19,155,389
Sewer permits	258,385					258,385
Special waste fees	152,527					152,527
Lab fees	21,053					21,053
Low pressure system payments	117,000		(117,000)			
Annexation fees	405		(405)			
Total operating revenues	19,704,759		(117,405)			19,587,354
Operating Expenses						
Plant operations	7,513,645	(512,525)	(83,815)			6,917,305
Pump station operations	933,559	(12,319)				921,240
Sewer operations	560,010	(31,170)				528,840
Management and administration	3,655,279	(171,244)				3,484,035
Other postemployment benefits	396,868				(396,868)	
Depreciation	2,846,603				(2,846,603)	
Total operating expenses	15,905,964	(727,258)	(83,815)		(3,243,471)	11,851,420
Operating gain	3,798,795	727,258	(33,590)		3,243,471	7,735,934
Non-operating Revenues (Expenses)						
Property taxes	2,652,010	(694,158)				1,957,852
Federal receipts	1,520,392				(1,520,392)	
Illinois replacement taxes	370,645					370,645
Interest income	8,569		(192)	(4,165)		4,212
Rental income	17,405					17,405
Refunds and reimbursements	6,856					6,856
Interest expense	(5,755,576)	46,221				(5,709,355)
Bond costs	(5,900)					(5,900)
Total non-operating revenues (expenses)	(1,185,599)	(647,937)	(192)	(4,165)	(1,520,392)	(3,358,285)
Change in Net Assets	$ 2,613,196	$ 79,321	$(33,782)	$(4,165)	$1,723,079	$ 4,377,649