

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT EXAMINATION REPORT

OF

BROOKVILLE LAKE REGIONAL WASTE DISTRICT

FRANKLIN COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
12/06/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Fred C. (Ted) Stubbs	01-01-10 to 12-31-11
Treasurer	Sara Weisbrodt	01-01-10 to 12-31-11
President of the Board	Jeff Tebbe	01-01-10 to 12-31-11



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BROOKVILLE LAKE REGIONAL
WASTE DISTRICT, FRANKLIN COUNTY, INDIANA

We have examined the financial statement of Brookville Lake Regional Waste District (District), for the period of January 1, 2010 to December 31, 2010. The District's management is responsible for the financial statement. Our responsibility is to express an opinion based on our examination.

Except as stated in the fourth paragraph, our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The District did not prepare a financial statement for the year 2009, which would permit an independent accountant to express an opinion on the cash and investment balances at December 31, 2009 which are reported as the cash and investment balances at January 1, 2010.

In our opinion, except for the effects, if any, on the cash and investments reported at January 1, 2010, discussed in the preceding paragraph, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the District for the year ended December 31, 2010, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the District's management, Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

October 6, 2011

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the District. The financial statement and notes are presented as intended by the District.

BROOKVILLE LAKE REGIONAL WASTE DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Cash Operating	\$ 372,035	\$ 926,504	\$ 912,062	\$ 386,477
Bond And Interest Sinking Improvement	52,266	383,680	380,115	55,831
Debt Service Reserve	100,000	-	-	100,000
Cash On Hand	391,065	-	-	391,065
	<u>250</u>	<u>-</u>	<u>-</u>	<u>250</u>
Totals	<u>\$ 915,616</u>	<u>\$ 1,310,184</u>	<u>\$ 1,292,177</u>	<u>\$ 933,623</u>

The notes to the financial statement are an integral part of this statement.

BROOKVILLE LAKE REGIONAL WASTE DISTRICT
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The District was established under the laws of the State of Indiana. The District operates under an appointed governing board.

The accompanying financial statement presents the financial information for the District (primary government), and does not include financial information for any of the District's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the District (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

BROOKVILLE LAKE REGIONAL WASTE DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the District. It includes all expenditures for the reduction of the principal and interest of the District's general obligation indebtedness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The District may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the District. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the District. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the District in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the District to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 3. Risk Management

The District may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees; and natural disasters.

BROOKVILLE LAKE REGIONAL WASTE DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the District to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the District by recording as a disbursement and replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District's Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Report of the District which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the District. It is presented as intended by the District.

BROOKVILLE LAKE REGIONAL WASTE DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	Cash Operating	Bond And Interest Sinking	Improvement	Debt Service Reserve	Cash On Hand	Totals
Cash and investments - beginning	\$ 372,035	\$ 52,266	\$ 100,000	\$ 391,065	\$ 250	\$ 915,616
Receipts:						
Utility fees	914,116	-	-	-	-	914,116
Other receipts	12,388	383,680	-	-	-	396,068
Total receipts	926,504	383,680	-	-	-	1,310,184
Disbursements:						
Debt service - principal and interest	-	380,115	-	-	-	380,115
Utility operating expenses	527,067	-	-	-	-	527,067
Other disbursements	384,995	-	-	-	-	384,995
Total disbursements	912,062	380,115	-	-	-	1,292,177
Excess of receipts over disbursements	14,442	3,565	-	-	-	18,007
Cash and investments - ending	\$ 386,477	\$ 55,831	\$ 100,000	\$ 391,065	\$ 250	\$ 933,623

BROOKVILLE LAKE REGIONAL WASTE DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 Decemeber 31, 2010

The Brookville Lake Regional Waste District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
Improvement Bonds of 2000	\$ 2,078,000	\$ 227,965
Refunding Bonds of 2005	<u>1,665,000</u>	<u>153,220</u>
Total business-type activities debt	<u>\$ 3,743,000</u>	<u>\$ 381,185</u>

BROOKVILLE LAKE REGIONAL WASTE DISTRICT
EXAMINATION RESULT AND COMMENT

FINANCIAL REPORT OPINION MODIFICATION

The District did not prepare an annual financial report (Special District Annual Report) for the year 2009 as required by Indiana Code 5-11-1-4. As a result, the District did not present a financial statement for the year 2009 which would permit an independent accountant to express an opinion on the cash and investment balances at December 31, 2009. The cash and investment balances at December 31, 2009, are reported as the cash and investment at January 1, 2010, on the District's 2010 financial statements. Therefore, the State Board of Accounts was unable to provide an unqualified opinion on the Independent Accountant's Report for the financial information.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Accountant's Report on the financial statement may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

BROOKVILLE LAKE REGIONAL WASTE DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 6, 2011, with Fred C. (Ted) Stubbs, Director; Marta Ball, Office Manager; and Duane Marker, Vice President of the Board of Trustee. The officials concurred with our findings.