

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

EVERTON REGIONAL SEWER DISTRICT

FAYETTE COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
10/16/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	6-7
Notes to Financial Statements	8-9
Supplementary Information:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	12-13
Schedule of Payables and Receivables	14
Schedule of Leases and Debt	15
Schedule of Capital Assets.....	16
Exit Conference.....	17

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Tom Fledderman	01-01-10 to 12-31-12
Treasurer	Duane Brandenburg	01-01-10 to 12-31-12
President of the Board	John Brackemyre Timothy Rose	01-01-10 to 07-19-11 07-20-11 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF EVERTON REGIONAL SEWER DISTRICT, FAYETTE COUNTY, INDIANA

We have examined the accompanying financial statements of Everton Regional Sewer District (District), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements based on our examination.

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 basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the District for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the District's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the District's management, the District Board, and others within the entity 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

September 6, 2012

(This page intentionally left blank.)

FINANCIAL STATEMENTS

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

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

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Wastewater Utility - Operating	\$ 166,348	\$ 368,125	\$ 402,009	\$ 132,464
Wastewater Utility - Bond And Interest	83,797	109,500	109,414	83,883
Wastewater Utility - Improvement	25,000	35,000	-	60,000
Wastewater Utility - Debt Service Reserve	118,925	2,438	-	121,363
Totals	<u>\$ 394,070</u>	<u>\$ 515,063</u>	<u>\$ 511,423</u>	<u>\$ 397,710</u>

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

EVERTON REGIONAL SEWER DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Wastewater Utility - Bond and Interest	\$ 83,883	\$ 109,500	\$ 109,951	\$ 83,432
Wastewater Utility - Debt Service Reserve	121,363	1,583	-	122,946
Wastewater Utility - Improvement	60,000	-	-	60,000
Wastewater Utility - Operating	<u>132,464</u>	<u>362,742</u>	<u>356,818</u>	<u>138,388</u>
Totals	<u>\$ 397,710</u>	<u>\$ 473,825</u>	<u>\$ 466,769</u>	<u>\$ 404,766</u>

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

EVERTON REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS

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 statements present the financial information for the District.

B. Basis of Accounting

The financial statements are 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 include 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 include the following uses:

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.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

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

EVERTON REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, retirees, and dependents; and natural disasters.

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.

(This page intentionally left blank.)

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the District's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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 Reports of the District which are 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 approved by management of the District. It is presented as intended by the District.

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

	Wastewater Utility - Operating	Wastewater Utility - Bond and Interest	Wastewater Utility - Improvement	Wastewater Utility - Debt Service Reserve	Totals
Cash and investments - beginning	\$ 166,348	\$ 83,797	\$ 25,000	\$ 118,925	\$ 394,070
Receipts:					
Utility fees	366,970	-	-	-	366,970
Other receipts	1,155	109,500	35,000	2,438	148,093
Total receipts	<u>368,125</u>	<u>109,500</u>	<u>35,000</u>	<u>2,438</u>	<u>515,063</u>
Disbursements:					
Debt service - principal and interest	-	109,414	-	-	109,414
Utility operating expenses	257,509	-	-	-	257,509
Other disbursements	144,500	-	-	-	144,500
Total disbursements	<u>402,009</u>	<u>109,414</u>	<u>-</u>	<u>-</u>	<u>511,423</u>
Excess (deficiency) of receipts over disbursements	<u>(33,884)</u>	<u>86</u>	<u>35,000</u>	<u>2,438</u>	<u>3,640</u>
Cash and investments - ending	<u>\$ 132,464</u>	<u>\$ 83,883</u>	<u>\$ 60,000</u>	<u>\$ 121,363</u>	<u>\$ 397,710</u>

EVERTON REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	Wastewater Utility - Bond and Interest	Wastewater Utility - Debt Service Reserve	Wastewater Utility - Improvement	Wastewater Utility - Operating	Totals
Cash and investments - beginning	\$ 83,883	\$ 121,363	\$ 60,000	\$ 132,464	\$ 397,710
Receipts:					
Utility fees	-	-	-	362,054	362,054
Other receipts	109,500	1,583	-	688	111,771
Total receipts	109,500	1,583	-	362,742	473,825
Disbursements:					
Debt service - principal and interest	109,951	-	-	-	109,951
Capital outlay	-	-	-	13,838	13,838
Utility operating expenses	-	-	-	233,480	233,480
Other disbursements	-	-	-	109,500	109,500
Total disbursements	109,951	-	-	356,818	466,769
Excess (deficiency) of receipts over disbursements	(451)	1,583	-	5,924	7,056
Cash and investments - ending	\$ 83,432	\$ 122,946	\$ 60,000	\$ 138,388	\$ 404,766

EVERTON REGIONAL SEWER DISTRICT
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Wastewater Utility	<u>\$ 13,405</u>	<u>\$ 49,692</u>

EVERTON REGIONAL SEWER DISTRICT
 SCHEDULE OF LEASES AND DEBT
 December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Wastewater Utility: Revenue bonds	Construction of collection system	<u>\$ 1,567,000</u>	<u>\$ 109,391</u>

EVERTON REGIONAL SEWER DISTRICT
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Infrastructure	\$ 3,065,408
Machinery, equipment and vehicles	10,500
Books and other	<u>11,454</u>
Total Wastewater Utility	<u>\$ 3,087,362</u>

EVERTON REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on September 6, 2012, with Duane Brandenburg, Treasurer. Our examination disclosed no material items that warrant comment at this time.