

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

BLUE RIVER REGIONAL WATER DISTRICT

CRAWFORD COUNTY, INDIANA

January 1, 2011 to December 31, 2012



FILED
08/29/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	David Mauck	01-01-11 to 12-31-14
Office Manager	Lisa Senn	01-01-11 to 12-31-14
Utility Manager	Gary Holloway	01-01-11 to 12-31-14
President of the Board	Eric Satterfield Don Cook	01-01-11 to 12-31-13 01-01-14 to 12-31-14



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE BLUE RIVER REGIONAL
WATER DISTRICT, CRAWFORD COUNTY, INDIANA

We have examined the accompanying financial statement of the Blue River Regional Water District (District), for the period of January 1, 2011 to December 31, 2012. The financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on the financial statement 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 statement 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 statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the District for the period of January 1, 2011 to December 31, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the District for the period of January 1, 2011 to December 31, 2012, 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 statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

July 9, 2014

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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.

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BLUE RIVER REGIONAL WATER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2011 and 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
Water Construction	\$ 44,351	\$ 25,008	\$ 1,500	\$ 67,859	\$ 54,000	\$ 48,000	\$ 73,859
Water Debt	59,785	94	52	59,827	30	121	59,736
Water Deposit	25,570	4,539	4,879	25,230	4,700	4,650	25,280
Water Loan	30,026	65,196	65,237	29,985	67,104	67,677	29,412
Water Operating	<u>338,368</u>	<u>940,301</u>	<u>939,226</u>	<u>339,443</u>	<u>952,343</u>	<u>942,317</u>	<u>349,469</u>
Totals	<u>\$ 498,100</u>	<u>\$ 1,035,138</u>	<u>\$ 1,010,894</u>	<u>\$ 522,344</u>	<u>\$ 1,078,177</u>	<u>\$ 1,062,765</u>	<u>\$ 537,756</u>

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

BLUE RIVER REGIONAL WATER 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.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 statement. The aggregate receipts may include the following sources:

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

Penalties which include fees received for late payments.

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 statement. The aggregate disbursements may include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

BLUE RIVER REGIONAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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 dependents; and natural disasters.

BLUE RIVER REGIONAL WATER 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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 4. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the District authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capitol Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

Note 5. Subsequent Event

Blue River Regional Water District Water Improvement Project

A grant from Indiana Office of Community and Rural Affairs of \$600,000 was awarded for the period of January 25, 2012 to August 31, 2013, through Crawford County. The purpose of the project was to update portions of the water system in Milltown that were originally constructed in the 1930s. The project was designed by Midwestern Engineers. A bid was awarded on August 13, 2012, to Mitchell & Stark Construction to construct the water project with the assistance of the Water District employees. A contract was signed with Indiana 15 Regional Planning Commission for grant administration services.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

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

Differences may be noted between the financial information presented in the financial statement 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.

BLUE RIVER REGIONAL WATER DISTRICT
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2011

	Water Construction	Water Debt	Water Deposit	Water Loan	Water Operating	Totals
Cash and investments - beginning	\$ 44,351	\$ 59,785	\$ 25,570	\$ 30,026	\$ 338,368	\$ 498,100
Receipts:						
Utility fees	-	-	-	-	447,186	447,186
Penalties	-	-	-	-	3,703	3,703
Other receipts	25,008	94	4,539	65,196	489,412	584,249
Total receipts	25,008	94	4,539	65,196	940,301	1,035,138
Disbursements:						
Personal services	-	-	-	-	211,881	211,881
Other services and charges	-	-	-	-	17,288	17,288
Debt service - principal and interest	-	-	-	65,237	-	65,237
Utility operating expenses	1,500	-	-	-	167,543	169,043
Other disbursements	-	52	4,879	-	542,514	547,445
Total disbursements	1,500	52	4,879	65,237	939,226	1,010,894
Excess (deficiency) of receipts over disbursements	23,508	42	(340)	(41)	1,075	24,244
Cash and investments - ending	\$ 67,859	\$ 59,827	\$ 25,230	\$ 29,985	\$ 339,443	\$ 522,344

BLUE RIVER REGIONAL WATER DISTRICT
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2012

	Water Construction	Water Debt	Water Deposit	Water Loan	Water Operating	Totals
Cash and investments - beginning	\$ 67,859	\$ 59,827	\$ 25,230	\$ 29,985	\$ 339,443	\$ 522,344
Receipts:						
Utility fees	-	-	-	-	453,174	453,174
Penalties	-	-	-	-	3,691	3,691
Other receipts	54,000	30	4,700	67,104	495,478	621,312
Total receipts	54,000	30	4,700	67,104	952,343	1,078,177
Disbursements:						
Personal services	-	-	-	-	221,119	221,119
Other services and charges	-	-	-	-	17,489	17,489
Debt service - principal and interest	-	-	-	67,677	-	67,677
Capital outlay	-	-	-	-	4,500	4,500
Utility operating expenses	48,000	-	-	-	147,441	195,441
Other disbursements	-	121	4,650	-	551,768	556,539
Total disbursements	48,000	121	4,650	67,677	942,317	1,062,765
Excess (deficiency) of receipts over disbursements	6,000	(91)	50	(573)	10,026	15,412
Cash and investments - ending	\$ 73,859	\$ 59,736	\$ 25,280	\$ 29,412	\$ 349,469	\$ 537,756

BLUE RIVER REGIONAL WATER DISTRICT
SCHEDULE OF LEASES AND DEBT
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: CLYDE MILLER FARM LLC	WELL #5	\$ 4,200	06-01-02	12-31-30
Total of annual lease payments		<u>\$ 4,200</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Water:		
Revenue bonds	2002 Waterworks revenue bonds	\$ 198,123
Notes and loans payable	Well construction	<u>21,738</u>
Total Water		<u>219,861</u>
Totals		<u>\$ 219,861</u>

\$ 52,953
<u>15,000</u>
<u>67,953</u>
<u>\$ 67,953</u>

BLUE RIVER REGIONAL WATER DISTRICT
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

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>
Governmental activities:	
Land	\$ 38,184
Buildings	143,150
Improvements other than buildings	2,556,058
Machinery and equipment	<u>196,043</u>
Total capital assets	<u>\$ 2,933,435</u>

BLUE RIVER REGIONAL WATER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on July 9, 2014, with Don Cook, President of the Board; Gary Holloway, Utility Manager; and Lisa Senn, Office Manager.

A separate exit conference was held on July 9, 2014, by phone, with David Mauck, Treasurer.