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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

STAR CITY REGIONAL SEWER DISTRICT

PULASKI COUNTY, INDIANA

January 1, 2010 to December 31, 2010


FILED
08/28/2013

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SCHEDULE OF OFFICIALS

| Office | Official | Term |
| --- | --- | --- |
| Treasurer | (Vacant) | 01-01-10 to 09-07-10 |
| | Mary Mays | 09-08-10 to 12-31-10 |
| | Mike Pugh | 01-01-11 to 09-01-12 |
| | (Vacant) | 09-02-12 to 09-17-12 |
| | Craig Gilman | 09-18-12 to 12-31-13 |
| President of the Board | Pat Heisner | 01-01-10 to 12-31-13 |

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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# INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE STAR CITY REGIONAL SEWER DISTRICT, PULASKI COUNTY, INDIANA

We have examined the accompanying financial statement of the Star City Regional Sewer District (District), for the year ended December 31, 2010. 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 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 year ended December 31, 2010.

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 year ended December 31, 2010, 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 Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of 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.

Bruce Hartman
State Examiner

August 1, 2013

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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.

STAR CITY 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 |
|---|---|---|---|---|
| General | $ - | $ 400,000 | $ 174,592 | $ 225,408 |

The notes to the financial statement are an integral part of this 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 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 statement. The aggregate receipts include the following sources:

> 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 include the following uses:

> 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.

*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.

***Note 2. Budgets***

The operating budget is initially prepared and approved at the local level. The fiscal officer of the District submits a proposed operating budget to the governing board for the following calendar year.

***Note 3. 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 4. 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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

***Note 5. Subsequent Events***

The District was awarded a total of $1,543,000 in federal loans and $2,292,593 in federal grants to finance the construction of a wastewater collection system. This project started in 2010 and finished in 2012.

## 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 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 approved by management of the District. It is presented as intended by the District.

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

| | General |
|---|---|
| Cash and investments - beginning | $ - |
| Receipts: | |
| Other receipts | 400,000 |
| Disbursements: | |
| Capital outlay | 173,530 |
| Utility operating expenses | 1,062 |
| Total disbursements | 174,592 |
| Excess of receipts over disbursements | 225,408 |
| Cash and investments - ending | $ 225,408 |

STAR CITY REGIONAL SEWER DISTRICT
SCHEDULE OF DEBT
December 31, 2010

| Description of Debt | | Ending | Principal and Interest Due |
|---|---|---|---|
| Type | Purpose | Principal Balance | Within One Year |
| Star City Regional Sewer District: | | | |
| Bond Anticipation Loan - Alliance Bank | Bond Anticipation Loan | $ 400,000 | $ 400,000 |

STAR CITY REGIONAL SEWER DISTRICT
SCHEDULE OF CAPITAL ASSETS
December 31, 2010

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.

| | Ending Balance |
|---|---|
| Star City Regional Sewer District: | |
| Infrastructure | $ 173,530 |

STAR CITY REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on August 1, 2013, with Pat Heisner, President of the Board, and Craig Gilman, Treasurer. Our examination disclosed no material items that warrant comment at this time.