

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, 2012 to December 31, 2016



FILED
02/15/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Duane Brandenburg	01-01-12 to 12-31-17
President of the Board	Timothy Rose Kenneth Weisheit	01-01-12 to 12-31-12 01-01-13 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the Everton Regional Sewer District (District), for the period of January 1, 2012 to December 31, 2016. The District's management is responsible for the fair presentation of these financial statements in accordance with the prescribed basis of accounting described in Note 1. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the financial statements are in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the financial statements. The nature, timing, and extent of the procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.


As discussed in Note 1 to the financial statements, the District prepares its financial statements 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 statements 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 described in the preceding paragraph, the financial statements for the period of January 1, 2012 to December 31, 2016, referred to above, do not present, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the District.

INDEPENDENT ACCOUNTANT'S REPORT
(Continued)

In our opinion, the financial statements for the period of January 1, 2012 to December 31, 2016, referred to above, present the financial position and results of operations of the District based on the prescribed basis of accounting described in Note 1 to the financial statements, in all material respects.

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.


Paul D. Joyce, CPA
State Examiner

January 2, 2018

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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.

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EVERTON REGIONAL SEWER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended December 31, 2012 and 2013

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
Wastewater Utility - Bond and Interest	\$ 83,432	\$ 109,500	\$ 109,391	\$ 83,541	\$ 110,175	\$ 182,950	\$ 10,766
Wastewater Utility - Debt Service Reserve	122,946	1,360	-	124,306	110,376	124,682	110,000
Wastewater Utility - Improvement	60,000	-	-	60,000	-	-	60,000
Wastewater Utility - Operating	138,388	385,776	361,243	162,921	507,297	336,017	334,201
Wastewater Utility - Construction	-	-	-	-	103,711	15,576	88,135
Totals	\$ 404,766	\$ 496,636	\$ 470,634	\$ 430,768	\$ 831,559	\$ 659,225	\$ 603,102

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

EVERTON REGIONAL SEWER DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Years Ended December 31, 2014 and 2015

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14	Receipts	Disbursements	Cash and Investments 12-31-15
Wastewater Utility - Bond and Interest	\$ 10,766	\$ 110,400	\$ 109,425	\$ 11,741	\$ 110,400	\$ 118,544	\$ 3,597
Wastewater Utility - Debt Service Reserve	110,000	139	-	110,139	547	-	110,686
Wastewater Utility - Improvement	60,000	-	-	60,000	-	-	60,000
Wastewater Utility - Operating	334,201	396,902	340,703	390,400	383,713	340,447	433,666
Wastewater Utility - Construction	88,135	-	80,449	7,686	-	-	7,686
Totals	\$ 603,102	\$ 507,441	\$ 530,577	\$ 579,966	\$ 494,660	\$ 458,991	\$ 615,635

The notes to the financial statement 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, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
Wastewater Utility - Bond and Interest	\$ 3,597	\$ 110,400	\$ 100,306	\$ 13,691
Wastewater Utility - Debt Service Reserve	110,686	166	-	110,852
Wastewater Utility - Improvement	60,000	40,000	-	100,000
Wastewater Utility - Operating	433,666	366,623	404,032	396,257
Wastewater Utility - Construction	<u>7,686</u>	<u>-</u>	<u>-</u>	<u>7,686</u>
Totals	<u>\$ 615,635</u>	<u>\$ 517,189</u>	<u>\$ 504,338</u>	<u>\$ 628,486</u>

The notes to the financial statement 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 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 statements. The aggregate receipts include the following sources:

Utility fees. Amounts received from charges for current services.

Other receipts. Amounts received from various sources, including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; penalties; 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:

Personal services. Amounts disbursed 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.

EVERTON REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for 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. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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. 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. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

EVERTON REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, the following: 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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

OTHER INFORMATION - UNEXAMINED

The District's Annual Financial Reports 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 District's Annual Financial Reports 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 other 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, 2012

	Wastewater Utility - Bond and Interest	Wastewater Utility - Debt Service Reserve	Wastewater Utility - Improvement	Wastewater Utility - Operating	Wastewater Utility - Construction	Totals
Cash and investments - beginning	\$ 83,432	\$ 122,946	\$ 60,000	\$ 138,388	\$ -	\$ 404,766
Receipts:						
Utility fees	-	-	-	385,264	-	385,264
Other receipts	109,500	1,360	-	512	-	111,372
Total receipts	109,500	1,360	-	385,776	-	496,636
Disbursements:						
Personal services	-	-	-	27,681	-	27,681
Other services and charges	-	-	-	7,541	-	7,541
Debt service - principal and interest	109,391	-	-	-	-	109,391
Capital outlay	-	-	-	29,875	-	29,875
Utility operating expenses	-	-	-	186,645	-	186,645
Other disbursements	-	-	-	109,501	-	109,501
Total disbursements	109,391	-	-	361,243	-	470,634
Excess (deficiency) of receipts over disbursements	109	1,360	-	24,533	-	26,002
Cash and investments - ending	\$ 83,541	\$ 124,306	\$ 60,000	\$ 162,921	\$ -	\$ 430,768

EVERTON REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	Wastewater Utility - Bond and Interest	Wastewater Utility - Debt Service Reserve	Wastewater Utility - Improvement	Wastewater Utility - Operating	Wastewater Utility - Construction	Totals
Cash and investments - beginning	\$ 83,541	\$ 124,306	\$ 60,000	\$ 162,921	\$ -	\$ 430,768
Receipts:						
Utility fees	-	-	-	382,329	-	382,329
Other receipts	110,175	110,376	-	124,968	103,711	449,230
Total receipts	110,175	110,376	-	507,297	103,711	831,559
Disbursements:						
Personal services	-	-	-	24,818	-	24,818
Other services and charges	-	-	-	6,612	-	6,612
Debt service - principal and interest	72,950	-	-	-	-	72,950
Capital outlay	-	-	-	15,931	-	15,931
Utility operating expenses	-	-	-	178,481	15,576	194,057
Other disbursements	110,000	124,682	-	110,175	-	344,857
Total disbursements	182,950	124,682	-	336,017	15,576	659,225
Excess (deficiency) of receipts over disbursements	(72,775)	(14,306)	-	171,280	88,135	172,334
Cash and investments - ending	\$ 10,766	\$ 110,000	\$ 60,000	\$ 334,201	\$ 88,135	\$ 603,102

EVERTON REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	Wastewater Utility - Bond and Interest	Wastewater Utility - Debt Service Reserve	Wastewater Utility - Improvement	Wastewater Utility - Operating	Wastewater Utility - Construction	Totals
Cash and investments - beginning	\$ 10,766	\$ 110,000	\$ 60,000	\$ 334,201	\$ 88,135	\$ 603,102
Receipts:						
Utility fees	-	-	-	396,083	-	396,083
Other receipts	110,400	139	-	819	-	111,358
Total receipts	110,400	139	-	396,902	-	507,441
Disbursements:						
Personal services	-	-	-	30,281	-	30,281
Other services and charges	-	-	-	7,421	-	7,421
Debt service - principal and interest	109,425	-	-	-	-	109,425
Capital outlay	-	-	-	16,541	80,449	96,990
Utility operating expenses	-	-	-	176,059	-	176,059
Other disbursements	-	-	-	110,401	-	110,401
Total disbursements	109,425	-	-	340,703	80,449	530,577
Excess (deficiency) of receipts over disbursements	975	139	-	56,199	(80,449)	(23,136)
Cash and investments - ending	\$ 11,741	\$ 110,139	\$ 60,000	\$ 390,400	\$ 7,686	\$ 579,966

EVERTON REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

	Wastewater Utility - Bond and Interest	Wastewater Utility - Debt Service Reserve	Wastewater Utility - Improvement	Wastewater Utility - Operating	Wastewater Utility - Construction	Totals
Cash and investments - beginning	\$ 11,741	\$ 110,139	\$ 60,000	\$ 390,400	\$ 7,686	\$ 579,966
Receipts:						
Utility fees	-	-	-	382,883	-	382,883
Other receipts	110,400	547	-	830	-	111,777
Total receipts	110,400	547	-	383,713	-	494,660
Disbursements:						
Personal services	-	-	-	30,362	-	30,362
Other services and charges	-	-	-	7,381	-	7,381
Debt service - principal and interest	118,544	-	-	-	-	118,544
Capital outlay	-	-	-	4,012	-	4,012
Utility operating expenses	-	-	-	188,292	-	188,292
Other disbursements	-	-	-	110,400	-	110,400
Total disbursements	118,544	-	-	340,447	-	458,991
Excess (deficiency) of receipts over disbursements	(8,144)	547	-	43,266	-	35,669
Cash and investments - ending	\$ 3,597	\$ 110,686	\$ 60,000	\$ 433,666	\$ 7,686	\$ 615,635

EVERTON REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Wastewater Utility - Bond and Interest	Wastewater Utility - Debt Service Reserve	Wastewater Utility - Improvement	Wastewater Utility - Operating	Wastewater Utility - Construction	Totals
Cash and investments - beginning	\$ 3,597	\$ 110,686	\$ 60,000	\$ 433,666	\$ 7,686	\$ 615,635
Receipts:						
Utility fees	-	-	-	365,769	-	365,769
Other receipts	110,400	166	40,000	854	-	151,420
Total receipts	110,400	166	40,000	366,623	-	517,189
Disbursements:						
Personal services	-	-	-	33,484	-	33,484
Other services and charges	-	-	-	7,445	-	7,445
Debt service - principal and interest	100,306	-	-	-	-	100,306
Capital outlay	-	-	-	33,188	-	33,188
Utility operating expenses	-	-	-	179,515	-	179,515
Other disbursements	-	-	-	150,400	-	150,400
Total disbursements	100,306	-	-	404,032	-	504,338
Excess (deficiency) of receipts over disbursements	10,094	166	40,000	(37,409)	-	12,851
Cash and investments - ending	\$ 13,691	\$ 110,852	\$ 100,000	\$ 396,257	\$ 7,686	\$ 628,486

EVERTON REGIONAL SEWER DISTRICT
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Wastewater Utility	<u>\$ 15,667</u>	<u>\$ 83,024</u>
Totals	<u>\$ 15,667</u>	<u>\$ 83,024</u>

EVERTON REGIONAL SEWER DISTRICT
SCHEDULE OF LEASES AND DEBT
December 31, 2016

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Wastewater Utility: Revenue bonds	Construction of collection system	\$ 1,539,056	\$ 109,425
Totals		<u>\$ 1,539,056</u>	<u>\$ 109,425</u>

EVERTON REGIONAL SEWER DISTRICT
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2016

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
Governmental activities:	
Total governmental activities	\$ <u> -</u>
Wastewater Utility:	
Infrastructure	3,250,887
Machinery, equipment and vehicles	16,471
Books and other	<u>20,850</u>
Total Wastewater Utility	<u>3,288,208</u>
Total capital assets	<u>\$ 3,288,208</u>

OTHER REPORTS

In addition to this report, other reports may have been issued for the District. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.