

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

JACKSON COUNTY REGIONAL SEWAGE DISTRICT

JACKSON COUNTY, INDIANA

January 1, 2011 to December 31, 2015



FILED
05/20/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Superintendent	Dan Robertson	01-01-11 to 12-31-16
Treasurer	Marvin Huffman	01-01-11 to 12-31-16
President of the Board of Trustees	Brian Wolka Thomas Goecker	01-01-11 to 11-08-11 11-09-11 to 12-31-16



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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 THE JACKSON COUNTY REGIONAL
SEWAGE DISTRICT, JACKSON COUNTY, INDIANA

We have examined the accompanying financial statements of the Jackson County Regional Sewage District (District), for the period of January 1, 2011 to December 31, 2015. 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 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 discussed in the preceding paragraph, the financial statements referred to above do 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, 2015.

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 period of January 1, 2011 to December 31, 2015, 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 and Schedule of Leases and Debt, 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
Paul D. Joyce, CPA
State Examiner

March 23, 2016

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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.

JACKSON COUNTY REGIONAL SEWAGE DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2011 and 2012

		Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
	Fund							
φ	Wastewater Utility- Operating	\$ 55,857	\$ 445,985	\$ 389,512	\$ 112,330	\$ 488,058	\$ 506,784	\$ 93,604
	Wastewater Utility- Construction	-	257,000	256,582	418	43,000	43,418	-
	Wastewater Utility- Bond And Interest	25,925	91,180	87,145	29,960	95,461	92,111	33,310
	Wastewater Utility- Depreciation	68,461	154	-	68,615	100,164	-	168,779
	Wastewater Utility- Reserve	93,812	4,722	-	98,534	4,077	-	102,611
	Totals	<u>\$ 244,055</u>	<u>\$ 799,041</u>	<u>\$ 733,239</u>	<u>\$ 309,857</u>	<u>\$ 730,760</u>	<u>\$ 642,313</u>	<u>\$ 398,304</u>

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

JACKSON COUNTY REGIONAL SEWAGE DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
Wastewater Utility- Operating	\$ 93,604	\$ 520,373	\$ 491,350	\$ 122,627	\$ 492,624	\$ 448,700	\$ 166,551
Wastewater Utility- Bond And Interest	33,310	95,748	95,525	33,533	94,660	94,535	33,658
Wastewater Utility- Depreciation	168,779	100,294	-	269,073	50,443	-	319,516
Wastewater Utility- Reserve	<u>102,611</u>	<u>50</u>	<u>-</u>	<u>102,661</u>	<u>52</u>	<u>5</u>	<u>102,708</u>
Totals	<u>\$ 398,304</u>	<u>\$ 716,465</u>	<u>\$ 586,875</u>	<u>\$ 527,894</u>	<u>\$ 637,779</u>	<u>\$ 543,240</u>	<u>\$ 622,433</u>

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

JACKSON COUNTY REGIONAL SEWAGE 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:

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

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.

JACKSON COUNTY REGIONAL SEWAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements 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.

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.

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.

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.

JACKSON COUNTY REGIONAL SEWAGE DISTRICTS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Note 4. *Combined Funds*

Funds related to Bond and Interest and Debt Service Reserve were reported individually in the prior financial statement, but were combined into the following funds (Wastewater Utility- Bond And Interest and Wastewater Utility- Reserve) for the current financial statements.

OTHER INFORMATION - UNAUDITED

The District's 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 other information presented was approved by management of the District. It is presented as intended by the District.

JACKSON COUNTY REGIONAL SEWAGE DISTRICT
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2011

	Wastewater Utility- Operating	Wastewater Utility- Construction	Wastewater Utility- Bond And Interest	Wastewater Utility- Depreciation	Wastewater Utility- Reserve	Totals
Cash and investments - beginning	\$ 55,857	\$ -	\$ 25,925	\$ 68,461	\$ 93,812	\$ 244,055
Receipts:						
Utility fees	443,822	-	-	-	-	443,822
Other receipts	2,163	257,000	91,180	154	4,722	355,219
Total receipts	445,985	257,000	91,180	154	4,722	799,041
Disbursements:						
Personal services	78,990	-	-	-	-	78,990
Other services and charges	25,150	-	-	-	-	25,150
Debt service - principal and interest	-	-	87,145	-	-	87,145
Capital outlay	-	256,582	-	-	-	256,582
Utility operating expenses	189,722	-	-	-	-	189,722
Other disbursements	95,650	-	-	-	-	95,650
Total disbursements	389,512	256,582	87,145	-	-	733,239
Excess (deficiency) of receipts over disbursements	56,473	418	4,035	154	4,722	65,802
Cash and investments - ending	\$ 112,330	\$ 418	\$ 29,960	\$ 68,615	\$ 98,534	\$ 309,857

JACKSON COUNTY REGIONAL SEWAGE DISTRICT
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2012

	Wastewater Utility- Operating	Wastewater Utility- Construction	Wastewater Utility- Bond And Interest	Wastewater Utility- Depreciation	Wastewater Utility- Reserve	Totals
Cash and investments - beginning	\$ 112,330	\$ 418	\$ 29,960	\$ 68,615	\$ 98,534	\$ 309,857
Receipts:						
Intergovernmental	-	43,000	-	-	-	43,000
Utility fees	456,199	-	-	-	-	456,199
Other receipts	31,859	-	95,461	100,164	4,077	231,561
Total receipts	488,058	43,000	95,461	100,164	4,077	730,760
Disbursements:						
Personal services	79,362	-	-	-	-	79,362
Other services and charges	30,086	-	-	-	-	30,086
Debt service - principal and interest	-	-	92,102	-	-	92,102
Capital outlay	-	43,418	-	-	-	43,418
Utility operating expenses	197,913	-	-	-	-	197,913
Other disbursements	199,423	-	9	-	-	199,432
Total disbursements	506,784	43,418	92,111	-	-	642,313
Excess (deficiency) of receipts over disbursements	(18,726)	(418)	3,350	100,164	4,077	88,447
Cash and investments - ending	\$ 93,604	\$ -	\$ 33,310	\$ 168,779	\$ 102,611	\$ 398,304

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

	Wastewater Utility- Operating	Wastewater Utility- Bond And Interest	Wastewater Utility- Depreciation	Wastewater Utility- Reserve	Totals
Cash and investments - beginning	\$ 93,604	\$ 33,310	\$ 168,779	\$ 102,611	\$ 398,304
Receipts:					
Utility fees	489,885	-	-	-	489,885
Other receipts	30,488	95,748	100,294	50	226,580
Total receipts	520,373	95,748	100,294	50	716,465
Disbursements:					
Personal services	80,101	-	-	-	80,101
Other services and charges	21,716	-	-	-	21,716
Debt service - principal and interest	-	95,525	-	-	95,525
Utility operating expenses	193,809	-	-	-	193,809
Other disbursements	195,724	-	-	-	195,724
Total disbursements	491,350	95,525	-	-	586,875
Excess (deficiency) of receipts over disbursements	29,023	223	100,294	50	129,590
Cash and investments - ending	\$ 122,627	\$ 33,533	\$ 269,073	\$ 102,661	\$ 527,894

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

	Wastewater Utility- Operating	Wastewater Utility- Bond And Interest	Wastewater Utility- Depreciation	Wastewater Utility- Reserve	Totals
Cash and investments - beginning	\$ 122,627	\$ 33,533	\$ 269,073	\$ 102,661	\$ 527,894
Receipts:					
Utility fees	486,424	-	-	-	486,424
Other receipts	6,200	94,660	50,443	52	151,355
Total receipts	492,624	94,660	50,443	52	637,779
Disbursements:					
Personal services	82,082	-	-	-	82,082
Other services and charges	26,467	-	-	-	26,467
Debt service - principal and interest	-	94,515	-	-	94,515
Utility operating expenses	195,516	20	-	5	195,541
Other disbursements	144,635	-	-	-	144,635
Total disbursements	448,700	94,535	-	5	543,240
Excess (deficiency) of receipts over disbursements	43,924	125	50,443	47	94,539
Cash and investments - ending	\$ 166,551	\$ 33,658	\$ 319,516	\$ 102,708	\$ 622,433

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JACKSON COUNTY REGIONAL SEWAGE DISTRICT
SCHEDULE OF LEASES AND DEBT
December 31, 2015

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Wastewater:			
Sewage works revenue bonds	Rockford 1980	\$ 127,000	\$ 29,350
Sewage works revenue bonds	2003 Bonds	164,000	44,970
Sewage works revenue bonds	2011 Construction Bonds	172,000	7,655
Sewage works revenue bonds	Freetown 1978	<u>23,000</u>	<u>12,150</u>
Total Wastewater		<u>486,000</u>	<u>94,125</u>
Totals		<u><u>\$ 486,000</u></u>	<u><u>\$ 94,125</u></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/>.