

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

SOUTH DEARBORN REGIONAL SEWER DISTRICT

DEARBORN COUNTY, INDIANA

January 1, 2010 to December 31, 2015



**FILED**  
07/29/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Superintendent	William Neyer	01-01-10 to 12-31-16
Treasurer	Richard Knippenberg	01-01-10 to 12-31-16
President of the Board	Randolph Turner	01-01-10 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SOUTH DEARBORN REGIONAL  
SEWER DISTRICT, DEARBORN COUNTY, INDIANA

We have examined the accompanying financial statements of the South Dearborn Regional Sewer District (District), for the period of January 1, 2010 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. The basis noted above is a different basis than that used in the prior period.

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, 2010 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, 2010 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, 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*  
Paul D. Joyce, CPA  
State Examiner

May 4, 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.

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SOUTH DEARBORN REGIONAL SEWER DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2010 and 2011

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10	Receipts	Disbursements	Cash and Investments 12-31-11
Landfill Fund	\$ 99,368	\$ 47,535	\$ -	\$ 146,903	\$ 140,413	\$ 28,000	\$ 259,316
Depreciation Fund	396,320	1,204,772	536,572	1,064,520	304,292	660,491	708,321
Operating Fund	<u>85,819</u>	<u>1,834,985</u>	<u>1,850,925</u>	<u>69,879</u>	<u>2,023,016</u>	<u>1,932,302</u>	<u>160,593</u>
Totals	<u>\$ 581,507</u>	<u>\$ 3,087,292</u>	<u>\$ 2,387,497</u>	<u>\$ 1,281,302</u>	<u>\$ 2,467,721</u>	<u>\$ 2,620,793</u>	<u>\$ 1,128,230</u>

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

SOUTH DEARBORN 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
Landfill Fund	\$ 259,316	\$ 28,201	\$ 125,813	\$ 161,704	\$ 30,451	\$ 19,895	\$ 172,260
Operating Fund	160,593	1,849,233	1,891,670	118,156	2,139,014	2,141,018	116,152
Depreciation Fund	<u>708,321</u>	<u>354,027</u>	<u>927,958</u>	<u>134,390</u>	<u>348,897</u>	<u>215,558</u>	<u>267,729</u>
Totals	<u>\$ 1,128,230</u>	<u>\$ 2,231,461</u>	<u>\$ 2,945,441</u>	<u>\$ 414,250</u>	<u>\$ 2,518,362</u>	<u>\$ 2,376,471</u>	<u>\$ 556,141</u>

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

SOUTH DEARBORN 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
Landfill Fund	\$ 172,260	\$ 28,363	\$ 19,755	\$ 180,868	\$ 27,660	\$ 19,658	\$ 188,870
Operating Fund	116,152	2,319,545	2,289,981	145,716	2,256,390	2,241,200	160,906
Depreciation Fund	<u>267,729</u>	<u>320,788</u>	<u>186,205</u>	<u>402,312</u>	<u>350,524</u>	<u>467,992</u>	<u>284,844</u>
Totals	<u>\$ 556,141</u>	<u>\$ 2,668,696</u>	<u>\$ 2,495,941</u>	<u>\$ 728,896</u>	<u>\$ 2,634,574</u>	<u>\$ 2,728,850</u>	<u>\$ 634,620</u>

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

SOUTH DEARBORN 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:

Other receipts, which include amounts received from various sources which can include, but are not limited to the following: utility fees which are comprised mostly of charges for current services; 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:

Other disbursements, which include, but are not limited to the following: personal services including outflows for salaries, wages, and related employee benefits provided for all persons employed, professional services, insurance, repairs and maintenance, supplies, debt service principal and interest, capital outlay, interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

SOUTH DEARBORN REGIONAL SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*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.

SOUTH DEARBORN REGIONAL SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**Note 4. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing 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  
One North Capitol, 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.

*B. Additional Pension Plan*

The District also contributes to an additional pension plan unique to the District. Information regarding this plan may be obtained from the District.

#### OTHER INFORMATION - UNEXAMINED

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/](http://www.in.gov/itp/annual_reports/).

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 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.

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

	<u>Landfill Fund</u>	<u>Depreciation Fund</u>	<u>Operating Fund</u>	<u>Totals</u>
Cash and investments - beginning	\$ 99,368	\$ 396,320	\$ 85,819	\$ 581,507
Receipts:				
Other receipts	<u>47,535</u>	<u>1,204,772</u>	<u>1,834,985</u>	<u>3,087,292</u>
Total receipts	<u>47,535</u>	<u>1,204,772</u>	<u>1,834,985</u>	<u>3,087,292</u>
Disbursements:				
Other disbursements	<u>-</u>	<u>536,572</u>	<u>1,850,925</u>	<u>2,387,497</u>
Total disbursements	<u>-</u>	<u>536,572</u>	<u>1,850,925</u>	<u>2,387,497</u>
Excess (deficiency) of receipts over disbursements	<u>47,535</u>	<u>668,200</u>	<u>(15,940)</u>	<u>699,795</u>
Cash and investments - ending	<u>\$ 146,903</u>	<u>\$ 1,064,520</u>	<u>\$ 69,879</u>	<u>\$ 1,281,302</u>

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

	<u>Landfill Fund</u>	<u>Depreciation Fund</u>	<u>Operating Fund</u>	<u>Totals</u>
Cash and investments - beginning	\$ 146,903	\$ 1,064,520	\$ 69,879	\$ 1,281,302
Receipts:				
Other receipts	<u>140,413</u>	<u>304,292</u>	<u>2,023,016</u>	<u>2,467,721</u>
Total receipts	<u>140,413</u>	<u>304,292</u>	<u>2,023,016</u>	<u>2,467,721</u>
Disbursements:				
Other disbursements	<u>28,000</u>	<u>660,491</u>	<u>1,932,302</u>	<u>2,620,793</u>
Total disbursements	<u>28,000</u>	<u>660,491</u>	<u>1,932,302</u>	<u>2,620,793</u>
Excess (deficiency) of receipts over disbursements	<u>112,413</u>	<u>(356,199)</u>	<u>90,714</u>	<u>(153,072)</u>
Cash and investments - ending	<u>\$ 259,316</u>	<u>\$ 708,321</u>	<u>\$ 160,593</u>	<u>\$ 1,128,230</u>

SOUTH DEARBORN REGIONAL SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2012

	Landfill Fund	Operating Fund	Depreciation Fund	Totals
Cash and investments - beginning	\$ 259,316	\$ 160,593	\$ 708,321	\$ 1,128,230
Receipts:				
Other receipts	28,201	1,849,233	354,027	2,231,461
Total receipts	28,201	1,849,233	354,027	2,231,461
Disbursements:				
Other disbursements	125,813	1,891,670	927,958	2,945,441
Total disbursements	125,813	1,891,670	927,958	2,945,441
Deficiency of receipts over disbursements	(97,612)	(42,437)	(573,931)	(713,980)
Cash and investments - ending	\$ 161,704	\$ 118,156	\$ 134,390	\$ 414,250

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

	<u>Landfill Fund</u>	<u>Operating Fund</u>	<u>Depreciation Fund</u>	<u>Totals</u>
Cash and investments - beginning	\$ 161,704	\$ 118,156	\$ 134,390	\$ 414,250
Receipts:				
Other receipts	<u>30,451</u>	<u>2,139,014</u>	<u>348,897</u>	<u>2,518,362</u>
Total receipts	<u>30,451</u>	<u>2,139,014</u>	<u>348,897</u>	<u>2,518,362</u>
Disbursements:				
Other disbursements	<u>19,895</u>	<u>2,141,018</u>	<u>215,558</u>	<u>2,376,471</u>
Total disbursements	<u>19,895</u>	<u>2,141,018</u>	<u>215,558</u>	<u>2,376,471</u>
Excess (deficiency) of receipts over disbursements	<u>10,556</u>	<u>(2,004)</u>	<u>133,339</u>	<u>141,891</u>
Cash and investments - ending	<u>\$ 172,260</u>	<u>\$ 116,152</u>	<u>\$ 267,729</u>	<u>\$ 556,141</u>

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

	<u>Landfill Fund</u>	<u>Operating Fund</u>	<u>Depreciation Fund</u>	<u>Totals</u>
Cash and investments - beginning	\$ 172,260	\$ 116,152	\$ 267,729	\$ 556,141
Receipts:				
Other receipts	<u>28,363</u>	<u>2,319,545</u>	<u>320,788</u>	<u>2,668,696</u>
Total receipts	<u>28,363</u>	<u>2,319,545</u>	<u>320,788</u>	<u>2,668,696</u>
Disbursements:				
Other disbursements	<u>19,755</u>	<u>2,289,981</u>	<u>186,205</u>	<u>2,495,941</u>
Total disbursements	<u>19,755</u>	<u>2,289,981</u>	<u>186,205</u>	<u>2,495,941</u>
Excess of receipts over disbursements	<u>8,608</u>	<u>29,564</u>	<u>134,583</u>	<u>172,755</u>
Cash and investments - ending	<u>\$ 180,868</u>	<u>\$ 145,716</u>	<u>\$ 402,312</u>	<u>\$ 728,896</u>

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

	<u>Landfill Fund</u>	<u>Operating Fund</u>	<u>Depreciation Fund</u>	<u>Totals</u>
Cash and investments - beginning	\$ 180,868	\$ 145,716	\$ 402,312	\$ 728,896
Receipts:				
Other receipts	<u>27,660</u>	<u>2,256,390</u>	<u>350,524</u>	<u>2,634,574</u>
Total receipts	<u>27,660</u>	<u>2,256,390</u>	<u>350,524</u>	<u>2,634,574</u>
Disbursements:				
Other disbursements	<u>19,658</u>	<u>2,241,200</u>	<u>467,992</u>	<u>2,728,850</u>
Total disbursements	<u>19,658</u>	<u>2,241,200</u>	<u>467,992</u>	<u>2,728,850</u>
Excess (deficiency) of receipts over disbursements	<u>8,002</u>	<u>15,190</u>	<u>(117,468)</u>	<u>(94,276)</u>
Cash and investments - ending	<u>\$ 188,870</u>	<u>\$ 160,906</u>	<u>\$ 284,844</u>	<u>\$ 634,620</u>

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SOUTH DEARBORN REGIONAL SEWER DISTRICT  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2015

Government or Enterprise	Accounts Payable	Accounts Receivable
Landfill Fund	\$ 19,485	\$ 2,240
Depreciation Fund	55,250	198,075
Operating Fund	258,805	111,964
Totals	\$ 333,540	\$ 312,279

SOUTH DEARBORN REGIONAL SEWER DISTRICT  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2015

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Landfill Fund:			
Loan payable	Capital Improvements	<u>\$ 198,000</u>	<u>\$ 19,485</u>
Depreciation Fund:			
Loan payable	Capital Improvements	<u>750,000</u>	<u>55,250</u>
Totals		<u>\$ 948,000</u>	<u>\$ 74,735</u>

SOUTH DEARBORN REGIONAL SEWER DISTRICT  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2015

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
South Dearborn Regional Sewer District:	
Infrastructure	\$ 2,504,445
Buildings	12,636,380
Improvements other than buildings	818,091
Machinery, equipment, and vehicles	914,435
Books and other	158,984
Total capital assets	\$ 17,032,335

#### 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/>.