

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

FINANCIAL STATEMENTS AUDIT REPORT

OF

ST. JOE-SPENCERVILLE REGIONAL SEWER DISTRICT

DEKALB COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED

05/09/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Secretary-Treasurer	James Dwyer	01-01-19 to 12-31-24
Clerk	Robyn McCann	01-01-19 to 12-31-24
President of the Sewer District Board	Jerry Markle (Vacant) Jack Chapman (Vacant) Loren Johnson	01-01-19 to 06-24-21 06-25-21 to 07-27-21 07-28-21 to 12-21-22 12-22-22 to 01-30-23 01-31-23 to 12-31-24



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE ST. JOE-SPENCERVILLE REGIONAL
SEWER DISTRICT, DEKALB COUNTY, INDIANA

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the St. Joe-Spencerville Regional Sewer District (District), which comprise the financial position and results of operations for the period of January 1, 2019 to December 31, 2023, and the related notes to the financial statements as listed in the Table of Contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse and Unmodified Opinions* section of our report, the financial statements referred to above do not present fairly, the financial position and results of operations of the District for the period of January 1, 2019 to December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position and results of operations of the District, for the period of January 1, 2019 to December 31, 2023, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

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 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates and related disclosures made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Information

Management is responsible for the other information included in the Annual Financial Report. The other information comprises the Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis and Schedule of Capital Assets, as listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we concluded that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.


Beth Kelley, CPA, CFE
Deputy State Examiner

April 30, 2024

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FINANCIAL STATEMENTS AND ACCOMPANYING NOTES AND OTHER INFORMATION

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.

The District's Annual Financial Reports information can be found on the Indiana Gateway for Government Units 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 audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

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ST. JOE-SPENCERVILLE REGIONAL SEWER DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
Wastewater Operation and Maintenance Fund	\$ 22,014	\$ 329,516	\$ 329,516	\$ 22,014	\$ 455,094	\$ 455,094	\$ 22,014
Wastewater Depreciation/Improvement Fund	266,128	40,561	28,360	278,329	82,508	55,650	305,187
Totals	<u>\$ 288,142</u>	<u>\$ 370,077</u>	<u>\$ 357,876</u>	<u>\$ 300,343</u>	<u>\$ 537,602</u>	<u>\$ 510,744</u>	<u>\$ 327,201</u>

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

ST. JOE-SPENCERVILLE REGIONAL SEWER DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
Wastewater Operation and Maintenance Fund	\$ 22,014	\$ 363,806	\$ 363,805	\$ 22,015	370,722	370,723	\$ 22,014
Wastewater Depreciation/Improvement Fund	<u>305,187</u>	<u>33,546</u>	<u>66,589</u>	<u>272,144</u>	<u>14,960</u>	<u>70,717</u>	<u>216,387</u>
Totals	<u>\$ 327,201</u>	<u>\$ 397,352</u>	<u>\$ 430,394</u>	<u>\$ 294,159</u>	<u>\$ 385,682</u>	<u>\$ 441,440</u>	<u>\$ 238,401</u>

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

ST. JOE-SPENCERVILLE REGIONAL SEWER DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
Wastewater Operation and Maintenance Fund	\$ 22,014	\$ 458,415	\$ 412,498	\$ 67,931
Wastewater Depreciation/Improvement Fund	<u>216,387</u>	<u>28,154</u>	<u>138,552</u>	<u>105,989</u>
Totals	<u>\$ 238,401</u>	<u>\$ 486,569</u>	<u>\$ 551,050</u>	<u>\$ 173,920</u>

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

ST. JOE-SPENCERVILLE 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 a 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.

Penalties. Amounts received from late payment fees.

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; 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.

ST. JOE-SPENCERVILLE REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Supplies. Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

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. 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.

ST. JOE-SPENCERVILLE REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Subsequent Events

On February 28, 2024, the District entered into a sub-recipient agreement for Community Development Block Grant (CDBG) funded projects with DeKalb County. Per the agreement, the District will receive \$700,000 of CDBG funds to be used for constructing a new wastewater treatment facility at a budgeted total project cost of \$3,595,000. The District anticipates construction to begin in October of 2024, and completion by August of 2025. In consideration of CDBG program requirements, the District Board approved a service agreement between the District and a consultant to provide grant administration services in the amount of \$61,000.

OTHER INFORMATION

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ST. JOE-SPENCERVILLE REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2019

	Wastewater Operation and Maintenance Fund	Wastewater Depreciation/Improvement Fund	Totals
Cash and investments - beginning	\$ 22,014	\$ 266,128	\$ 288,142
Receipts:			
Utility fees	293,543	-	293,543
Penalties	3,821	-	3,821
Other receipts	32,152	40,561	72,713
Total receipts	<u>329,516</u>	<u>40,561</u>	<u>370,077</u>
Disbursements:			
Personal services	93,215	-	93,215
Other services and charges	15,078	-	15,078
Capital outlay	9,862	-	9,862
Utility operating expenses	136,856	-	136,856
Other disbursements	74,505	28,360	102,865
Total disbursements	<u>329,516</u>	<u>28,360</u>	<u>357,876</u>
Excess (deficiency) of receipts over (under) disbursements	<u>-</u>	<u>12,201</u>	<u>12,201</u>
Cash and investments - ending	<u>\$ 22,014</u>	<u>\$ 278,329</u>	<u>\$ 300,343</u>

ST. JOE-SPENCERVILLE REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2020

	Wastewater Operation and Maintenance Fund	Wastewater Depreciation/Improvement Fund	Totals
Cash and investments - beginning	\$ 22,014	\$ 278,329	\$ 300,343
Receipts:			
Utility fees	287,605	-	287,605
Penalties	4,320	-	4,320
Other receipts	163,169	82,508	245,677
Total receipts	<u>455,094</u>	<u>82,508</u>	<u>537,602</u>
Disbursements:			
Personal services	100,624	-	100,624
Other services and charges	15,468	-	15,468
Debt service - principal and interest	3,652	-	3,652
Capital outlay	93,900	-	93,900
Utility operating expenses	126,274	-	126,274
Other disbursements	115,176	55,650	170,826
Total disbursements	<u>455,094</u>	<u>55,650</u>	<u>510,744</u>
Excess (deficiency) of receipts over (under) disbursements	<u>-</u>	<u>26,858</u>	<u>26,858</u>
Cash and investments - ending	<u>\$ 22,014</u>	<u>\$ 305,187</u>	<u>\$ 327,201</u>

ST. JOE-SPENCERVILLE REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2021

	Wastewater Operation and Maintenance Fund	Wastewater Depreciation/Improvement Fund	Totals
Cash and investments - beginning	\$ 22,014	\$ 305,187	\$ 327,201
Receipts:			
Utility fees	288,137	-	288,137
Penalties	4,620	-	4,620
Other receipts	71,049	33,546	104,595
Total receipts	<u>363,806</u>	<u>33,546</u>	<u>397,352</u>
Disbursements:			
Personal services	100,896	-	100,896
Other services and charges	15,888	-	15,888
Debt service - principal and interest	21,911	-	21,911
Capital outlay	32,850	-	32,850
Utility operating expenses	132,438	-	132,438
Other disbursements	59,822	66,589	126,411
Total disbursements	<u>363,805</u>	<u>66,589</u>	<u>430,394</u>
Excess (deficiency) of receipts over (under) disbursements	<u>1</u>	<u>(33,043)</u>	<u>(33,042)</u>
Cash and investments - ending	<u>\$ 22,015</u>	<u>\$ 272,144</u>	<u>\$ 294,159</u>

ST. JOE-SPENCERVILLE REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2022

	Wastewater Operation and Maintenance Fund	Wastewater Depreciation/Improvement Fund	Totals
Cash and investments - beginning	\$ 22,015	\$ 272,144	\$ 294,159
Receipts:			
Utility fees	292,031	-	292,031
Penalties	4,779	-	4,779
Other receipts	73,912	14,960	88,872
Total receipts	<u>370,722</u>	<u>14,960</u>	<u>385,682</u>
Disbursements:			
Personal services	104,970	-	104,970
Other services and charges	16,907	-	16,907
Debt service - principal and interest	21,911	-	21,911
Utility operating expenses	163,289	-	163,289
Other disbursements	63,646	70,717	134,363
Total disbursements	<u>370,723</u>	<u>70,717</u>	<u>441,440</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(1)</u>	<u>(55,757)</u>	<u>(55,758)</u>
Cash and investments - ending	<u>\$ 22,014</u>	<u>\$ 216,387</u>	<u>\$ 238,401</u>

ST. JOE-SPENCERVILLE REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2023

	Wastewater Operation and Maintenance Fund	Wastewater Depreciation/Improvement Fund	Totals
Cash and investments - beginning	\$ 22,014	\$ 216,387	\$ 238,401
Receipts:			
Utility fees	310,620	-	310,620
Penalties	5,075	-	5,075
Other receipts	<u>142,720</u>	<u>28,154</u>	<u>170,874</u>
Total receipts	<u>458,415</u>	<u>28,154</u>	<u>486,569</u>
Disbursements:			
Personal services	118,982	-	118,982
Other services and charges	19,138	-	19,138
Debt service - principal and interest	59,952	-	59,952
Capital outlay	3,500	-	3,500
Utility operating expenses	121,458	-	121,458
Other disbursements	<u>89,468</u>	<u>138,552</u>	<u>228,020</u>
Total disbursements	<u>412,498</u>	<u>138,552</u>	<u>551,050</u>
Excess (deficiency) of receipts over (under) disbursements	<u>45,917</u>	<u>(110,398)</u>	<u>(64,481)</u>
Cash and investments - ending	<u>\$ 67,931</u>	<u>\$ 105,989</u>	<u>\$ 173,920</u>

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ST. JOE-SPENCERVILLE REGIONAL SEWER DISTRICT
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2023

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>
Waste Water:	
Land	\$ 10,465
Infrastructure	2,515,752
Buildings	717,148
Improvements other than buildings	480,762
Machinery, equipment, and vehicles	<u>231,342</u>
 Total capital assets	 <u>\$ 3,955,469</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/>.