

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

FINANCIAL STATEMENT EXAMINATION REPORT
OF
NORWOOD REGIONAL WATER AND SEWER DISTRICT
HUNTINGTON COUNTY, INDIANA
January 1, 2010 to December 31, 2013



FILED
02/06/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Victoria Allen Doug Boone	01-01-10 to 08-12-14 08-13-14 to 12-31-14
President of the Board	A. Dee Hinesley Chris Urschel Jeff Shoup	01-01-10 to 03-01-12 03-02-12 to 12-31-13 01-01-14 to 12-31-14



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE NORWOOD REGIONAL WATER
AND SEWER DISTRICT, HUNTINGTON COUNTY, INDIANA

We have examined the accompanying financial statement of the Norwood Regional Water and Sewer District (District), for the period of January 1, 2010 to December 31, 2013. 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 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 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 period of January 1, 2010 to December 31, 2013.

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 period of January 1, 2010 to December 31, 2013, 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 Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, 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 statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

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

January 2, 2015

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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.

NORWOOD REGIONAL WATER AND SEWER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2010, 2011, 2012, and 2013

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Water Operating	\$ 26,654	\$ 285,780	\$ 282,384	\$ 30,050
Water Bond and Interest	61,056	90,198	92,631	58,623
Wastewater Operating	-	327,409	327,409	-
Wastewater Bond and Interest	79,476	116,565	120,818	75,223
Sanitation Operating	-	21,352	21,352	-
Totals	\$ 167,186	\$ 841,304	\$ 844,594	\$ 163,896

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Water Operating	\$ 30,050	\$ 333,287	\$ 335,888	\$ 27,449
Water Reserve	-	124,539	94,000	30,539
Water Bond and Interest	58,623	94,000	92,749	59,874
Wastewater Operating	-	348,944	348,944	-
Wastewater Reserve	-	124,500	121,000	3,500
Wastewater Bond and Interest	75,223	121,000	120,696	75,527
Sanitation Operating	-	23,957	23,957	-
Totals	\$ 163,896	\$ 1,170,227	\$ 1,137,234	\$ 196,889

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Water Operating	\$ 27,449	\$ 326,442	\$ 327,345	\$ 26,546
Water Reserve	30,539	98,490	106,490	22,539
Water Bond and Interest	59,874	90,671	92,816	57,729
Wastewater Operating	-	349,768	349,768	-
Wastewater Reserve	3,500	146,376	120,000	29,876
Wastewater Bond and Interest	75,527	120,000	120,523	75,004
Sanitation Operating	-	26,842	26,842	-
Totals	\$ 196,889	\$ 1,158,589	\$ 1,143,784	\$ 211,694

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
Water Operating	\$ 26,546	\$ 300,638	\$ 306,170	\$ 21,014
Water Reserve	22,539	301,009	132,554	190,994
Water Bond and Interest	57,729	28,350	86,079	-
Wastewater Operating	-	325,524	325,524	-
Wastewater Reserve	29,876	98,408	128,284	-
Wastewater Bond and Interest	75,004	36,650	111,654	-
Sanitation Operating	-	27,673	27,673	-
Totals	\$ 211,694	\$ 1,118,252	\$ 1,117,938	\$ 212,008

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

NORWOOD REGIONAL WATER AND SEWER DISTRICT
NOTES TO FINANCIAL 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 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 statement. The aggregate receipts may include the following sources:

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

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.

NORWOOD REGIONAL WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

E. Disbursements

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

Supplies which include 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 office supplies, operating supplies, and repair and maintenance supplies.

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.

NORWOOD REGIONAL WATER AND SEWER DISTRICT
 NOTES TO FINANCIAL STATEMENT
 (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. Interfund Receivables/Payables

In each of the four years ended December 31, 2013, the District made year-end adjustments between funds and reported them as transfers. The District has determined that these transfers were not proper and resulted in interfund balances as shown below. Similar transfers were reported in prior years; however, the District has not determined their cumulative effect and they are not included in these interfund balances.

	Balance at 12-31-10	Balance at 12-31-11	Balance at 12-31-12	Balance at 12-31-13
Due from Water Operating to Wastewater Operating	\$ 20,161	\$ 56,169	\$ 56,737	\$ 74,603
Due from Water Operating to Sanitation Operating	7,478	11,725	13,175	16,416
Due from Water Debt Reserve to Wastewater Debt Reserve	-	-	-	82,936

If the District had not made these transfers in the four years ended December 31, 2013, the cash and investment balances by fund would be as follows:

	Balance at 12-31-10	Balance at 12-31-11	Balance at 12-31-12	Balance at 12-31-13
Water Operating	\$ 2,411	\$ (40,445)	\$ (43,366)	\$ (70,004)
Water Bond and Interest	58,623	59,874	57,729	-
Water Debt Reserve	-	30,539	22,539	108,057
Wastewater Operating	20,161	56,169	56,737	74,603
Wastewater Bond and Interest	75,223	75,527	75,004	-
Wastewater Debt Reserve	-	3,500	29,876	82,936
Sanitation Operating	7,478	11,725	13,175	16,416
Totals	<u>\$ 163,896</u>	<u>\$ 196,889</u>	<u>\$ 211,694</u>	<u>\$ 212,008</u>

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.

NORWOOD REGIONAL WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

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. Pension Plan

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.

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

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

	Water Operating	Water Bond and Interest	Wastewater Operating	Wastewater Bond and Interest	Sanitation Operating	Totals
Cash and investments - beginning	\$ 26,654	\$ 61,056	\$ -	\$ 79,476	\$ -	\$ 167,186
Receipts:						
Charges for services	-	-	-	-	21,352	21,352
Utility fees	141,576	-	327,409	-	-	468,985
Other receipts	144,204	90,198	-	116,565	-	350,967
Total receipts	285,780	90,198	327,409	116,565	21,352	841,304
Disbursements:						
Personal services	26,856	-	26,856	-	-	53,712
Other services and charges	-	-	-	-	13,874	13,874
Debt service - principal and interest	-	92,631	-	120,818	-	213,449
Utility operating expenses	48,766	-	163,827	-	-	212,593
Other disbursements	206,762	-	136,726	-	7,478	350,966
Total disbursements	282,384	92,631	327,409	120,818	21,352	844,594
Excess (deficiency) of receipts over disbursements	3,396	(2,433)	-	(4,253)	-	(3,290)
Cash and investments - ending	\$ 30,050	\$ 58,623	\$ -	\$ 75,223	\$ -	\$ 163,896

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

	Water Operating	Water Reserve	Water Bond and Interest	Wastewater Operating	Wastewater Reserve	Wastewater Bond and Interest	Sanitation Operating	Totals
Cash and investments - beginning	\$ 30,050	\$ -	\$ 58,623	\$ -	\$ -	\$ 75,223	\$ -	\$ 163,896
Receipts:								
Charges for services	-	-	-	-	-	-	23,957	23,957
Utility fees	164,880	-	-	320,898	-	-	-	485,778
Penalties	592	-	-	1,646	-	-	-	2,238
Other receipts	<u>167,815</u>	<u>124,539</u>	<u>94,000</u>	<u>26,400</u>	<u>124,500</u>	<u>121,000</u>	<u>-</u>	<u>658,254</u>
Total receipts	<u>333,287</u>	<u>124,539</u>	<u>94,000</u>	<u>348,944</u>	<u>124,500</u>	<u>121,000</u>	<u>23,957</u>	<u>1,170,227</u>
Disbursements:								
Personal services	26,856	-	-	26,856	-	-	-	53,712
Other services and charges	-	-	-	-	-	-	19,710	19,710
Debt service - principal and interest	-	-	92,744	-	-	120,691	-	213,435
Utility operating expenses	60,032	-	5	161,580	-	5	-	221,622
Other disbursements	<u>249,000</u>	<u>94,000</u>	<u>-</u>	<u>160,508</u>	<u>121,000</u>	<u>-</u>	<u>4,247</u>	<u>628,755</u>
Total disbursements	<u>335,888</u>	<u>94,000</u>	<u>92,749</u>	<u>348,944</u>	<u>121,000</u>	<u>120,696</u>	<u>23,957</u>	<u>1,137,234</u>
Excess (deficiency) of receipts over disbursements	<u>(2,601)</u>	<u>30,539</u>	<u>1,251</u>	<u>-</u>	<u>3,500</u>	<u>304</u>	<u>-</u>	<u>32,993</u>
Cash and investments - ending	<u>\$ 27,449</u>	<u>\$ 30,539</u>	<u>\$ 59,874</u>	<u>\$ -</u>	<u>\$ 3,500</u>	<u>\$ 75,527</u>	<u>\$ -</u>	<u>\$ 196,889</u>

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

	Water Operating	Water Reserve	Water Bond and Interest	Wastewater Operating	Wastewater Reserve	Wastewater Bond and Interest	Sanitation Operating	Totals
Cash and investments - beginning	\$ 27,449	\$ 30,539	\$ 59,874	\$ -	\$ 3,500	\$ 75,527	\$ -	\$ 196,889
Receipts:								
Charges for services	-	-	-	-	-	-	26,842	26,842
Utility fees	174,897	-	-	322,297	-	-	-	497,194
Penalties	580	-	-	1,071	-	-	-	1,651
Other receipts	150,965	98,490	90,671	26,400	146,376	120,000	-	632,902
Total receipts	326,442	98,490	90,671	349,768	146,376	120,000	26,842	1,158,589
Disbursements:								
Personal services	28,097	-	-	28,097	-	-	-	56,194
Other services and charges	-	-	-	-	-	-	25,392	25,392
Debt service - principal and interest	-	-	92,816	-	-	120,523	-	213,339
Capital outlay	3,500	-	-	-	-	-	-	3,500
Utility operating expenses	66,748	-	-	174,754	-	-	-	241,502
Other disbursements	229,000	106,490	-	146,917	120,000	-	1,450	603,857
Total disbursements	327,345	106,490	92,816	349,768	120,000	120,523	26,842	1,143,784
Excess (deficiency) of receipts over disbursements	(903)	(8,000)	(2,145)	-	26,376	(523)	-	14,805
Cash and investments - ending	\$ 26,546	\$ 22,539	\$ 57,729	\$ -	\$ 29,876	\$ 75,004	\$ -	\$ 211,694

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

	Water Operating	Water Reserve	Water Bond and Interest	Wastewater Operating	Wastewater Reserve	Wastewater Bond and Interest	Sanitation Operating	Totals
Cash and investments - beginning	\$ 26,546	\$ 22,539	\$ 57,729	\$ -	\$ 29,876	\$ 75,004	\$ -	\$ 211,694
Receipts:								
Charges for services	-	-	-	-	-	-	27,673	27,673
Utility fees	141,997	-	-	323,162	-	-	-	465,159
Penalties	365	-	-	2,362	-	-	-	2,727
Other receipts	<u>158,276</u>	<u>301,009</u>	<u>28,350</u>	<u>-</u>	<u>98,408</u>	<u>36,650</u>	<u>-</u>	<u>622,693</u>
Total receipts	<u>300,638</u>	<u>301,009</u>	<u>28,350</u>	<u>325,524</u>	<u>98,408</u>	<u>36,650</u>	<u>27,673</u>	<u>1,118,252</u>
Disbursements:								
Personal services	30,145	-	-	30,145	-	-	-	60,290
Other services and charges	6,606	-	-	6,606	-	-	24,432	37,644
Debt service - principal and interest	-	34,196	57,670	-	45,348	74,964	-	212,178
Utility operating expenses	51,419	-	-	172,550	-	-	-	223,969
Other disbursements	<u>218,000</u>	<u>98,358</u>	<u>28,409</u>	<u>116,223</u>	<u>82,936</u>	<u>36,690</u>	<u>3,241</u>	<u>583,857</u>
Total disbursements	<u>306,170</u>	<u>132,554</u>	<u>86,079</u>	<u>325,524</u>	<u>128,284</u>	<u>111,654</u>	<u>27,673</u>	<u>1,117,938</u>
Excess (deficiency) of receipts over disbursements	<u>(5,532)</u>	<u>168,455</u>	<u>(57,729)</u>	<u>-</u>	<u>(29,876)</u>	<u>(75,004)</u>	<u>-</u>	<u>314</u>
Cash and investments - ending	<u>\$ 21,014</u>	<u>\$ 190,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,008</u>

NORWOOD REGIONAL WATER AND SEWER DISTRICT
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2013

Government or Enterprise	Accounts Payable	Accounts Receivable
Water Utility	\$ 1,333	\$ 20,561
Sanitation	-	2,577
Wastewater Utility	502	36,143
Totals	\$ 1,835	\$ 59,281

NORWOOD REGIONAL WATER AND SEWER DISTRICT
 SCHEDULE OF LEASES AND DEBT
 December 31, 2013

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Water Utility:			
General obligation bonds	WATER BONDS PAYABLE	\$ 1,658,000	\$ 91,898
Wastewater Utility:			
General obligation bonds	SEWER BONDS PAYABLE	2,134,000	121,036
Totals		<u>\$ 3,792,000</u>	<u>\$ 212,934</u>

NORWOOD REGIONAL WATER AND SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS

ORDINANCES AND RESOLUTIONS

The District adopted rate ordinances for both the Water and Wastewater Utilities on February 3, 2011. The ordinances increased the rates in two stages with the first stage effective on passage and the second stage effective on January 1, 2013. The District did not implement the second stage increase and the 2012 rates were used throughout calendar year 2013.

Every rate ordinance since the District began providing wastewater collection services to the residents of the Yakes Subdivision contained a provision for a monthly fee of \$2.85 to be billed to those residents and to be placed in a "Reserve Account" when collected. The rate ordinance provisions also stipulate that this fee is to be discontinued when the amount in the "Reserve Account" reaches \$10,370. The fee should have generated enough collections to reach \$10,370 by the end of 2011; however, the District has never adopted a method of accounting for the collection and accumulation of these fees within the District's accounting system. The District continues to assess this fee to the Yakes Subdivision customers.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

CAPITAL ASSETS

As stated in the prior Report B38137, the District has not maintained a complete inventory of capital assets owned.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the applicable Capital Assets Ledger. A complete inventory should be taken every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

DISTRIBUTION OF GROSS REVENUES TO THE VARIOUS FUNDS

As stated in the prior Report B38137, gross revenues were not being distributed to the various utility funds in accordance with the revenue bond ordinances. In 2011, the District established a "Debt Service Reserve Account (Fund)" for both the Water Utility and the Wastewater Utility as required by section 14(b) of the respective bond ordinances. Since then, the District has been using the Reserve funds and the Bond and Interest funds interchangeably. The amounts transferred to these funds were not sufficient to meet the combined requirements of both the Bond and Interest funds and the Reserve funds.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

NORWOOD REGIONAL WATER AND SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on January 2, 2015, with Doug Boone, Treasurer, and Laura Dillon, Office Manager.