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

FINANCIAL STATEMENTS EXAMINATION REPORT  
OF

WESTERN RUSH COUNTY REGIONAL  
WATER AND SEWER DISTRICT  
RUSH COUNTY, INDIANA

January 1, 2011 to December 31, 2014



**FILED**  
05/27/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Secretary/Treasurer	Marvin Kuhn	01-01-11 to 09-01-18
President of the Board	Daniel Scott	01-01-11 to 03-20-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE WESTERN RUSH COUNTY REGIONAL  
WATER AND SEWER DISTRICT, RUSH COUNTY, INDIANA

We have examined the accompanying financial statements of the Western Rush County Regional Water and Sewer District (District), for the period of January 1, 2011 to December 31, 2014. 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, 2014.

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, 2014, 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

March 9, 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.

WESTERN RUSH COUNTY REGIONAL WATER AND SEWER DISTRICT  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2011 and 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
Waste Water Operating	\$ (3,230)	\$ 287,439	\$ 235,117	\$ 49,092	\$ 256,376	\$ 271,762	\$ 33,706
Waste Water Bond and Interest	41,018	61,527	62,410	40,135	60,018	57,899	42,254
Waste Water Petty Cash	100	-	-	100	-	-	100
Waste Water Debt Reserve	53,260	5,518	31,936	26,842	23,520	-	50,362
Totals	<u>\$ 91,148</u>	<u>\$ 354,484</u>	<u>\$ 329,463</u>	<u>\$ 116,169</u>	<u>\$ 339,914</u>	<u>\$ 329,661</u>	<u>\$ 126,422</u>

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

WESTERN RUSH COUNTY REGIONAL WATER AND SEWER DISTRICT  
 STATEMENTS 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
Waste Water Operating	\$ 33,705	\$ 232,468	\$ 250,170	\$ 16,003	\$ 281,480	\$ 276,646	\$ 20,837
Waste Water Bond and Interest	42,255	51,016	57,924	35,347	53,515	57,917	30,945
Waste Water Petty Cash	100	100	-	200	-	-	200
Waste Water Debt Reserve	50,362	9,663	-	60,025	1,528	8,623	52,930
Totals	<u>\$ 126,422</u>	<u>\$ 293,247</u>	<u>\$ 308,094</u>	<u>\$ 111,575</u>	<u>\$ 336,523</u>	<u>\$ 343,186</u>	<u>\$ 104,912</u>

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

WESTERN RUSH COUNTY REGIONAL WATER AND 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 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.

*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.

WESTERN RUSH COUNTY REGIONAL WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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.

**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.

**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.

WESTERN RUSH COUNTY REGIONAL WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 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 - UNAUDITED

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.

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

	Waste Water Operating	Waste Water Bond and Interest	Waste Water Petty Cash	Waste Water Debt Reserve	Totals
Cash and investments - beginning	\$ (3,230)	\$ 41,018	\$ 100	\$ 53,260	\$ 91,148
Receipts:					
Utility fees	248,927	-	-	-	248,927
Other receipts	<u>38,512</u>	<u>61,527</u>	<u>-</u>	<u>5,518</u>	<u>105,557</u>
Total receipts	<u>287,439</u>	<u>61,527</u>	<u>-</u>	<u>5,518</u>	<u>354,484</u>
Disbursements:					
Personal services	83,689	-	-	-	83,689
Debt service - principal and interest	8,720	57,947	-	-	66,667
Utility operating expenses	75,663	-	-	-	75,663
Other disbursements	<u>67,045</u>	<u>4,463</u>	<u>-</u>	<u>31,936</u>	<u>103,444</u>
Total disbursements	<u>235,117</u>	<u>62,410</u>	<u>-</u>	<u>31,936</u>	<u>329,463</u>
Excess (deficiency) of receipts over disbursements	<u>52,322</u>	<u>(883)</u>	<u>-</u>	<u>(26,418)</u>	<u>25,021</u>
Cash and investments - ending	<u>\$ 49,092</u>	<u>\$ 40,135</u>	<u>\$ 100</u>	<u>\$ 26,842</u>	<u>\$ 116,169</u>

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

	Waste Water Operating	Waste Water Bond and Interest	Waste Water Petty Cash	Waste Water Debt Reserve	Totals
Cash and investments - beginning	\$ 49,092	\$ 40,135	\$ 100	\$ 26,842	\$ 116,169
Receipts:					
Utility fees	256,358	-	-	-	256,358
Other receipts	18	60,018	-	23,520	83,556
Total receipts	256,376	60,018	-	23,520	339,914
Disbursements:					
Personal services	86,771	-	-	-	86,771
Other services and charges	7,571	-	-	-	7,571
Debt service - principal and interest	67,164	57,899	-	-	125,063
Utility operating expenses	86,736	-	-	-	86,736
Other disbursements	23,520	-	-	-	23,520
Total disbursements	271,762	57,899	-	-	329,661
Excess (deficiency) of receipts over disbursements	(15,386)	2,119	-	23,520	10,253
Cash and investments - ending	\$ 33,706	\$ 42,254	\$ 100	\$ 50,362	\$ 126,422

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

	Waste Water Operating	Waste Water Bond and Interest	Waste Water Petty Cash	Waste Water Debt Reserve	Totals
Cash and investments - beginning	\$ 33,705	\$ 42,255	\$ 100	\$ 50,362	\$ 126,422
Receipts:					
Utility fees	232,455	-	-	-	232,455
Other receipts	13	51,016	100	9,663	60,792
Total receipts	232,468	51,016	100	9,663	293,247
Disbursements:					
Personal services	88,095	-	-	-	88,095
Other services and charges	8,947	-	-	-	8,947
Debt service - principal and interest	67,189	57,924	-	-	125,113
Utility operating expenses	76,305	-	-	-	76,305
Other disbursements	9,634	-	-	-	9,634
Total disbursements	250,170	57,924	-	-	308,094
Excess (deficiency) of receipts over disbursements	(17,702)	(6,908)	100	9,663	(14,847)
Cash and investments - ending	\$ 16,003	\$ 35,347	\$ 200	\$ 60,025	\$ 111,575

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

	Waste Water Operating	Waste Water Bond and Interest	Waste Water Petty Cash	Waste Water Debt Reserve	Totals
Cash and investments - beginning	\$ 16,003	\$ 35,347	\$ 200	\$ 60,025	\$ 111,575
Receipts:					
Utility fees	222,085	-	-	-	222,085
Penalties	37,518	-	-	-	37,518
Other receipts	21,877	53,515	-	1,528	76,920
Total receipts	<u>281,480</u>	<u>53,515</u>	<u>-</u>	<u>1,528</u>	<u>336,523</u>
Disbursements:					
Personal services	93,127	-	-	-	93,127
Debt service - principal and interest	9,266	57,917	-	-	67,183
Utility operating expenses	119,251	-	-	-	119,251
Other disbursements	55,002	-	-	8,623	63,625
Total disbursements	<u>276,646</u>	<u>57,917</u>	<u>-</u>	<u>8,623</u>	<u>343,186</u>
Excess (deficiency) of receipts over disbursements	<u>4,834</u>	<u>(4,402)</u>	<u>-</u>	<u>(7,095)</u>	<u>(6,663)</u>
Cash and investments - ending	<u>\$ 20,837</u>	<u>\$ 30,945</u>	<u>\$ 200</u>	<u>\$ 52,930</u>	<u>\$ 104,912</u>

WESTERN RUSH COUNTY REGIONAL WATER AND SEWER DISTRICT  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2014

<u>Government or Enterprise</u>	<u>Accounts Receivable</u>
Waste Water	<u>\$ 24,606</u>

WESTERN RUSH COUNTY REGIONAL WATER AND SEWER DISTRICT  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2014

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Waste Water:			
Revenue bonds	Rural Developement bond	\$ 906,200	\$ 57,879
Notes and loans payable	First Financial bank loan	<u>10,479</u>	<u>10,479</u>
Total Waste Water		<u>916,679</u>	<u>68,358</u>
Totals		<u>\$ 916,679</u>	<u>\$ 68,358</u>

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WESTERN RUSH COUNTY REGIONAL WATER AND SEWER DISTRICT  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2014

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
Waste Water:	
Land	\$ 65,000
Infrastructure	4,800,000
Buildings	2,000,000
Machinery, equipment, and vehicles	84,500
Total Waste Water	6,949,500
Total capital assets	\$ 6,949,500

#### 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/>.