

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

SCOTT COUNTY REGIONAL SEWER DISTRICT

SCOTT COUNTY, INDIANA

January 1, 2011 to December 31, 2014



FILED
06/29/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Clara L. Adkins	01-01-11 to 12-31-16
President of the Board	Larry E. Bower	01-01-11 to 05-03-11
	Joe Gibson	05-04-11 to 12-31-11
	Randall D. Moffett	01-01-12 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SCOTT COUNTY REGIONAL
SEWER DISTRICT, SCOTT COUNTY, INDIANA

We have examined the accompanying financial statements of the Scott County Regional 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, 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 16, 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.

SCOTT COUNTY REGIONAL SEWER DISTRICT -
STATEMENT 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
Sewer Bond And Interest	\$ 147,103	\$ 1,098	\$ -	\$ 148,201	\$ 872	\$ -	\$ 149,073
Sewer Bond And Interest BNYMTC	10,720	55,280	55,329	10,671	74,400	15,510	69,561
Sewer Construction Escrow BNYMTC	62,589	607,183	669,769	3	-	-	3
Sewer Debt Service Reserve BNYMTC	31,255	13,426	-	44,681	11,508	-	56,189
Sewer Operating	174,019	360,414	370,108	164,325	339,554	421,326	82,553
Totals	<u>\$ 425,686</u>	<u>\$ 1,037,401</u>	<u>\$ 1,095,206</u>	<u>\$ 367,881</u>	<u>\$ 426,334</u>	<u>\$ 436,836</u>	<u>\$ 357,379</u>

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

SCOTT COUNTY REGIONAL SEWER 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
Sewer Bond And Interest	\$ 149,073	\$ 500	\$ -	\$ 149,573	\$ 494	\$ -	\$ 150,067
Sewer Bond And Interest BNYMTC	69,561	75,600	71,781	73,380	75,600	73,414	75,566
Sewer Contruction Escrow BNYMTC	3	-	-	3	-	3	-
Sewer Debt Service Reserve BNYMTC	56,189	11,508	-	67,697	11,508	-	79,205
Sewer Operating	<u>82,553</u>	<u>376,195</u>	<u>350,138</u>	<u>108,610</u>	<u>401,324</u>	<u>315,156</u>	<u>194,778</u>
Totals	<u>\$ 357,379</u>	<u>\$ 463,803</u>	<u>\$ 421,919</u>	<u>\$ 399,263</u>	<u>\$ 488,926</u>	<u>\$ 388,573</u>	<u>\$ 499,616</u>

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

SCOTT COUNTY 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:

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.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

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.

SCOTT COUNTY REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 utility.

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. 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.

SCOTT COUNTY 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.

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.

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

	Sewer Bond And Interest	Sewer Bond And Interest BNYMTC	Sewer Construction Escrow BNYMTC	Sewer Debt Service Reserve BNYMTC	Sewer Operating	Totals
Cash and investments - beginning	\$ 147,103	\$ 10,720	\$ 62,589	\$ 31,255	\$ 174,019	\$ 425,686
Receipts:						
Utility fees	-	-	-	-	345,637	345,637
Other receipts	1,098	55,280	607,183	13,426	14,777	691,764
Total receipts	1,098	55,280	607,183	13,426	360,414	1,037,401
Disbursements:						
Other services and charges	-	-	-	-	7,505	7,505
Debt service - principal and interest	-	40,189	-	-	12,396	52,585
Capital outlay	-	-	669,769	-	4,221	673,990
Utility operating expenses	-	-	-	-	256,288	256,288
Other disbursements	-	15,140	-	-	89,698	104,838
Total disbursements	-	55,329	669,769	-	370,108	1,095,206
Excess (deficiency) of receipts over disbursements	1,098	(49)	(62,586)	13,426	(9,694)	(57,805)
Cash and investments - ending	\$ 148,201	\$ 10,671	\$ 3	\$ 44,681	\$ 164,325	\$ 367,881

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

	Sewer Bond And Interest	Sewer Bond And Interest BNYMTC	Sewer Construction Escrow BNYMTC	Sewer Debt Service Reserve BNYMTC	Sewer Operating	Totals
Cash and investments - beginning	\$ 148,201	\$ 10,671	\$ 3	\$ 44,681	\$ 164,325	\$ 367,881
Receipts:						
Utility fees	-	-	-	-	339,476	339,476
Other receipts	872	74,400	-	11,508	78	86,858
Total receipts	872	74,400	-	11,508	339,554	426,334
Disbursements:						
Other services and charges	-	-	-	-	4,522	4,522
Debt service - principal and interest	-	15,510	-	-	-	15,510
Capital outlay	-	-	-	-	38,948	38,948
Utility operating expenses	-	-	-	-	279,308	279,308
Other disbursements	-	-	-	-	98,548	98,548
Total disbursements	-	15,510	-	-	421,326	436,836
Excess (deficiency) of receipts over disbursements	872	58,890	-	11,508	(81,772)	(10,502)
Cash and investments - ending	\$ 149,073	\$ 69,561	\$ 3	\$ 56,189	\$ 82,553	\$ 357,379

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

	Sewer Bond And Interest	Sewer Bond And Interest BNYMTC	Sewer Conctruction Escrow BNYMTC	Sewer Debt Service Reserve BNYMTC	Sewer Operating	Totals
Cash and investments - beginning	\$ 149,073	\$ 69,561	\$ 3	\$ 56,189	\$ 82,553	\$ 357,379
Receipts:						
Utility fees	-	-	-	-	317,254	317,254
Other receipts	500	75,600	-	11,508	58,941	146,549
Total receipts	500	75,600	-	11,508	376,195	463,803
Disbursements:						
Other services and charges	-	-	-	-	787	787
Debt service - principal and interest	-	71,781	-	-	-	71,781
Utility operating expenses	-	-	-	-	249,783	249,783
Other disbursements	-	-	-	-	99,568	99,568
Total disbursements	-	71,781	-	-	350,138	421,919
Excess (deficiency) of receipts over disbursements	500	3,819	-	11,508	26,057	41,884
Cash and investments - ending	\$ 149,573	\$ 73,380	\$ 3	\$ 67,697	\$ 108,610	\$ 399,263

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

	Sewer Bond And Interest	Sewer Bond And Interest BNYMTC	Sewer Construction Escrow BNYMTC	Sewer Debt Service Reserve BNYMTC	Sewer Operating	Totals
Cash and investments - beginning	\$ 149,573	\$ 73,380	\$ 3	\$ 67,697	\$ 108,610	\$ 399,263
Receipts:						
Utility fees	-	-	-	-	366,979	366,979
Other receipts	494	75,600	-	11,508	34,345	121,947
Total receipts	494	75,600	-	11,508	401,324	488,926
Disbursements:						
Other services and charges	-	-	-	-	7,834	7,834
Debt service - principal and interest	-	73,414	-	-	-	73,414
Capital outlay	-	-	-	-	840	840
Utility operating expenses	-	-	-	-	207,094	207,094
Other disbursements	-	-	3	-	99,388	99,391
Total disbursements	-	73,414	3	-	315,156	388,573
Excess (deficiency) of receipts over disbursements	494	2,186	(3)	11,508	86,168	100,353
Cash and investments - ending	\$ 150,067	\$ 75,566	\$ -	\$ 79,205	\$ 194,778	\$ 499,616

SCOTT COUNTY REGIONAL SEWER DISTRICT
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2014

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ -	\$ -
Sewer	-	66,081
Totals	\$ -	\$ 66,081

SCOTT COUNTY REGIONAL 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		
Sewer:			
Revenue bonds	Refunding Bonds of 2001	\$ 160,000	\$ 24,142
Revenue bonds	Revenue Bonds of 2001	182,000	12,100
Revenue bonds	Revenue Bonds of 2010	<u>911,000</u>	<u>49,171</u>
Total Sewer		<u>1,253,000</u>	<u>85,413</u>
Totals		<u>\$ 1,253,000</u>	<u>\$ 85,413</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/>.