

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

FINANCIAL STATEMENTS EXAMINATION REPORT
OF

JEFFERSON TOWNSHIP
REGIONAL SEWER DISTRICT
PIKE COUNTY, INDIANA

January 1, 2011 to December 31, 2016



FILED
09/29/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3-4
Financial Statements and Accompanying Notes:	
Statements of Receipts, Disbursements, and Cash and Investment	
Balances - Regulatory Basis	7-9
Notes to Financial Statements.....	10-12
Other Information - Unexamined:	
Combining Schedules of Receipts, Disbursements, and Cash and	
Investment Balances - Regulatory Basis	14-19
Schedule of Leases and Debt	20
Schedule of Capital Assets.....	21
Other Reports.....	22

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Janet M. Gray	01-01-11 to 12-31-17
President of the Board	David Roach	01-01-11 to 12-31-13
	Robert N. Rhodes	01-01-14 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE JEFFERSON TOWNSHIP REGIONAL
SEWER DISTRICT, PIKE COUNTY, INDIANA

We have examined the accompanying financial statements of the Jefferson Township Regional Sewer District (District), for the period of January 1, 2011 to December 31, 2016. The District's management is responsible for the fair presentation of these financial statements in accordance with the prescribed basis of accounting described in Note 1. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the financial statements are in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the financial statements. The nature, timing, and extent of the procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

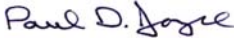
As discussed in Note 1 to the financial statements, the District prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a 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 described in the preceding paragraph, the financial statements for the period of January 1, 2011 to December 31, 2016, referred to above, do not present, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the District.

INDEPENDENT ACCOUNTANT'S REPORT
(Continued)

In our opinion, the financial statements for the period of January 1, 2011 to December 31, 2016, referred to above, present the financial position and results of operations of the District based on the prescribed basis of accounting described in Note 1 to the financial statements, in all material respects.

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 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, CPA
State Examiner

August 15, 2017

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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JEFFERSON TOWNSHIP 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
PETTY CASH	\$ 50	\$ -	\$ -	\$ 50	\$ -	\$ -	\$ 50
OPERATING	19,183	156,245	150,745	24,683	118,768	132,697	10,754
BOND & INTEREST	67,157	32,885	32,429	67,613	54,855	60,563	61,905
WASTEWATER UTILITY IMPROVEMENT	21,674	-	-	21,674	-	-	21,674
HOME BUILDING CD'S	50,000	20,000	-	70,000	-	10,000	60,000
INTEGRA CD	40,000	-	40,000	-	-	-	-
Totals	<u>\$ 198,064</u>	<u>\$ 209,130</u>	<u>\$ 223,174</u>	<u>\$ 184,020</u>	<u>\$ 173,623</u>	<u>\$ 203,260</u>	<u>\$ 154,383</u>

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

JEFFERSON TOWNSHIP 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
PETTY CASH	\$ 50	\$ -	\$ -	\$ 50	\$ -	\$ -	\$ 50
OPERATING	10,754	106,142	102,475	14,421	117,139	117,990	13,570
BOND & INTEREST	61,905	28,311	28,304	61,912	28,312	28,304	61,920
WASTEWATER UTILITY IMPROVEMENT	21,674	-	-	21,674	-	-	21,674
HOME BUILDING CD'S	60,000	-	5,000	55,000	-	-	55,000
Totals	<u>\$ 154,383</u>	<u>\$ 134,453</u>	<u>\$ 135,779</u>	<u>\$ 153,057</u>	<u>\$ 145,451</u>	<u>\$ 146,294</u>	<u>\$ 152,214</u>

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

JEFFERSON TOWNSHIP REGIONAL SEWER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2015 and 2016

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15	Receipts	Disbursements	Cash and Investments 12-31-16
PETTY CASH	\$ 50	\$ -	\$ -	\$ 50	\$ -	\$ -	\$ 50
OPERATING	13,570	100,532	96,348	17,754	108,681	107,416	19,019
BOND & INTEREST	61,920	28,311	28,304	61,927	28,310	28,305	61,932
HOME BUILDING CD'S	55,000	-	-	55,000	-	-	55,000
WASTEWATER UTILITY IMPROVEMENT	21,674	-	-	21,674	-	-	21,674
Totals	<u>\$ 152,214</u>	<u>\$ 128,843</u>	<u>\$ 124,652</u>	<u>\$ 156,405</u>	<u>\$ 136,991</u>	<u>\$ 135,721</u>	<u>\$ 157,675</u>

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

JEFFERSON TOWNSHIP 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:

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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.

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:

JEFFERSON TOWNSHIP REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

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.

JEFFERSON TOWNSHIP REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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. Combined Funds

Funds related to Operating and Petty Cash were reported individually in the current financial statements, but were combined into one fund for the prior financial statements.

Funds related to Bond and Interest and Debt Reserve were reported individually in the prior financial statements, but were combined into one fund for the current financial statements.

Funds related to Wastewater Utility Improvement, Home Building CD's, and Integra were reported individually in the current financial statements, but were combined into one fund for the prior financial statements.

OTHER INFORMATION - UNEXAMINED

The District's Annual Financial Reports 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 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 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.

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

	PETTY CASH	OPERATING	BOND & INTEREST	WASTEWATER UTILITY IMPROVEMENT	HOME BUILDING CD'S	INTEGRA CD	Totals
Cash and investments - beginning	\$ 50	\$ 19,183	\$ 67,157	\$ 21,674	\$ 50,000	\$ 40,000	\$ 198,064
Receipts:							
Charges for services	-	116,245	-	-	-	-	116,245
Other receipts	-	40,000	32,885	-	20,000	-	92,885
Total receipts	-	156,245	32,885	-	20,000	-	209,130
Disbursements:							
Supplies	-	141,836	-	-	-	-	141,836
Other services and charges	-	8,909	-	-	-	-	8,909
Other disbursements	-	-	32,429	-	-	40,000	72,429
Total disbursements	-	150,745	32,429	-	-	40,000	223,174
Excess (deficiency) of receipts over disbursements	-	5,500	456	-	20,000	(40,000)	(14,044)
Cash and investments - ending	\$ 50	\$ 24,683	\$ 67,613	\$ 21,674	\$ 70,000	\$ -	\$ 184,020

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

	PETTY CASH	OPERATING	BOND & INTEREST	WASTEWATER UTILITY IMPROVEMENT	HOME BUILDING CD'S	INTEGRA CD	Totals
Cash and investments - beginning	\$ 50	\$ 24,683	\$ 67,613	\$ 21,674	\$ 70,000	\$ -	\$ 184,020
Receipts:							
Charges for services	-	116,489	-	-	-	-	116,489
Penalties	-	1,889	54,855	-	-	-	56,744
Other receipts	-	390	-	-	-	-	390
Total receipts	-	118,768	54,855	-	-	-	173,623
Disbursements:							
Personal services	-	56,385	-	-	-	-	56,385
Supplies	-	37,339	-	-	-	-	37,339
Other services and charges	-	31,857	-	-	-	-	31,857
Other disbursements	-	7,116	60,563	-	10,000	-	77,679
Total disbursements	-	132,697	60,563	-	10,000	-	203,260
Deficiency of receipts over disbursements	-	(13,929)	(5,708)	-	(10,000)	-	(29,637)
Cash and investments - ending	<u>\$ 50</u>	<u>\$ 10,754</u>	<u>\$ 61,905</u>	<u>\$ 21,674</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 154,383</u>

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

	<u>PETTY CASH</u>	<u>OPERATING</u>	<u>BOND & INTEREST</u>	<u>WASTEWATER UTILITY IMPROVEMENT</u>	<u>HOME BUILDING CD'S</u>	<u>Totals</u>
Cash and investments - beginning	\$ 50	\$ 10,754	\$ 61,905	\$ 21,674	\$ 60,000	\$ 154,383
Receipts:						
Charges for services	-	106,142	28,311	-	-	134,453
Total receipts	-	106,142	28,311	-	-	134,453
Disbursements:						
Other services and charges	-	102,475	28,304	-	5,000	135,779
Total disbursements	-	102,475	28,304	-	5,000	135,779
Excess (deficiency) of receipts over disbursements	-	3,667	7	-	(5,000)	(1,326)
Cash and investments - ending	<u>\$ 50</u>	<u>\$ 14,421</u>	<u>\$ 61,912</u>	<u>\$ 21,674</u>	<u>\$ 55,000</u>	<u>\$ 153,057</u>

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

	PETTY CASH	OPERATING	BOND & INTEREST	WASTEWATER UTILITY IMPROVEMENT	HOME BUILDING CD'S	Totals
Cash and investments - beginning	\$ 50	\$ 14,421	\$ 61,912	\$ 21,674	\$ 55,000	\$ 153,057
Receipts:						
Charges for services	-	117,139	-	-	-	117,139
Other receipts	-	-	28,312	-	-	28,312
Total receipts	-	117,139	28,312	-	-	145,451
Disbursements:						
Personal services	-	36,246	-	-	-	36,246
Supplies	-	2,340	-	-	-	2,340
Other services and charges	-	20,646	-	-	-	20,646
Other disbursements	-	58,758	28,304	-	-	87,062
Total disbursements	-	117,990	28,304	-	-	146,294
Excess (deficiency) of receipts over disbursements	-	(851)	8	-	-	(843)
Cash and investments - ending	\$ 50	\$ 13,570	\$ 61,920	\$ 21,674	\$ 55,000	\$ 152,214

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

	PETTY CASH	OPERATING	BOND & INTEREST	HOME BUILDING CD'S	WASTEWATER UTILITY IMPROVEMENT	Totals
Cash and investments - beginning	\$ 50	\$ 13,570	\$ 61,920	\$ 55,000	\$ 21,674	\$ 152,214
Receipts:						
Charges for services	-	100,532	28,311	-	-	128,843
Other receipts	-	-	-	-	-	-
Total receipts	-	100,532	28,311	-	-	128,843
Disbursements:						
Personal services	-	26,338	-	-	-	26,338
Supplies	-	6,657	-	-	-	6,657
Other services and charges	-	19,143	-	-	-	19,143
Other disbursements	-	44,210	28,304	-	-	72,514
Total disbursements	-	96,348	28,304	-	-	124,652
Excess of receipts over disbursements	-	4,184	7	-	-	4,191
Cash and investments - ending	\$ 50	\$ 17,754	\$ 61,927	\$ 55,000	\$ 21,674	\$ 156,405

JEFFERSON TOWNSHIP REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	PETTY CASH	OPERATING	BOND & INTEREST	HOME BUILDING CD'S	WASTEWATER UTILITY IMPROVEMENT	Totals
Cash and investments - beginning	\$ 50	\$ 17,754	\$ 61,927	\$ 55,000	\$ 21,674	\$ 156,405
Receipts:						
Charges for services	-	-	28,304	-	-	28,304
Other receipts	-	108,681	6	-	-	108,687
Total receipts	-	108,681	28,310	-	-	136,991
Disbursements:						
Personal services	-	-	27,624	-	-	27,624
Supplies	-	-	464	-	-	464
Other services and charges	-	-	216	-	-	216
Debt service - principal and interest	-	107,416	-	-	-	107,416
Total disbursements	-	107,416	28,305	-	-	135,721
Excess of receipts over disbursements	-	1,265	5	-	-	1,270
Cash and investments - ending	\$ 50	\$ 19,019	\$ 61,932	\$ 55,000	\$ 21,674	\$ 157,675

JEFFERSON TOWNSHIP REGIONAL SEWER DISTRICT
 SCHEDULE OF LEASES AND DEBT
 December 31, 2016

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Sewer District: Revenue Bonds	Construction of Sewage Lines, Pumping Stations and Lagoon Treatment Systems	\$ 255,602	\$ 28,304
Totals		<u>\$ 255,602</u>	<u>\$ 28,304</u>

JEFFERSON TOWNSHIP REGIONAL SEWER DISTRICT
SCHEDULE OF CAPITAL ASSETS
December 31, 2016

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>
Sewer District: Infrastructure	<u>\$ 1,724,632</u>
Total capital assets	<u><u>\$ 1,724,632</u></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/>.