

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

FINANCIAL STATEMENTS EXAMINATION REPORT
OF
MONTGOMERY COUNTY REGIONAL SEWER DISTRICT
MONTGOMERY COUNTY, INDIANA
January 1, 2013 to December 31, 2016



FILED
01/11/2018

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	6-7
Notes to Financial Statements.....	8-10
Other Information - Unexamined:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	12-15
Schedule of Capital Assets.....	17
Other Reports.....	18

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Co-Treasurer/Recording Secretary	Laura Dossett	01-01-13 to 12-31-17
Co-Treasurer/Board Secretary	Brad Monts	01-01-13 to 12-31-17
President of the Regional Sewer Board	Phillip Bane	01-01-13 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 MONTGOMERY COUNTY REGIONAL
SEWER DISTRICT, MONTGOMERY COUNTY, INDIANA

We have examined the accompanying financial statements of the Montgomery County Regional Sewer District (District), for the period of January 1, 2013 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, 2013 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, 2013 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 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

November 27, 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.

MONTGOMERY COUNTY REGIONAL SEWER DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2013 and 2014

ϕ

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
Montgomery County Regional Sewer District	\$ -	\$ 158,872	\$ 32,316	\$ 126,556	\$ 139,876	\$ 133,068	\$ 133,364
Totals	<u>\$ -</u>	<u>\$ 158,872</u>	<u>\$ 32,316</u>	<u>\$ 126,556</u>	<u>\$ 139,876</u>	<u>\$ 133,068</u>	<u>\$ 133,364</u>

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

MONTGOMERY COUNTY 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
Montgomery County Regional Sewer District	\$ 133,364	\$ 255,636	\$ 252,214	\$ 136,786	231,833	235,887	\$ 132,732
Totals	<u>\$ 133,364</u>	<u>\$ 255,636</u>	<u>\$ 252,214</u>	<u>\$ 136,786</u>	<u>\$ 231,833</u>	<u>\$ 235,887</u>	<u>\$ 132,732</u>

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

MONTGOMERY 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. Amounts received from charges for current services.

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:

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.

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

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. 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.

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.

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.

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

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.

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.

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

	Montgomery County Regional Sewer District	Totals
Cash and investments - beginning	\$ -	\$ -
Receipts:		
Utility fees	156,296	156,296
Other receipts	<u>2,576</u>	<u>2,576</u>
Total receipts	<u>158,872</u>	<u>158,872</u>
Disbursements:		
Other services and charges	1,962	1,962
Utility operating expenses	30,354	30,354
Other disbursements	<u>-</u>	<u>-</u>
Total disbursements	<u>32,316</u>	<u>32,316</u>
Excess (deficiency) of receipts over disbursements	<u>126,556</u>	<u>126,556</u>
Cash and investments - ending	<u>\$ 126,556</u>	<u>\$ 126,556</u>

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

	Montgomery County Regional Sewer District	Totals
	<u> </u>	<u> </u>
Cash and investments - beginning	\$ 126,556	\$ 126,556
Receipts:		
Utility fees	139,700	139,700
Other receipts	<u>176</u>	<u>176</u>
Total receipts	<u>139,876</u>	<u>139,876</u>
Disbursements:		
Other disbursements	<u>133,068</u>	<u>133,068</u>
Total disbursements	<u>133,068</u>	<u>133,068</u>
Excess (deficiency) of receipts over disbursements	<u>6,808</u>	<u>6,808</u>
Cash and investments - ending	<u>\$ 133,364</u>	<u>\$ 133,364</u>

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

	Montgomery County Regional Sewer District	Totals
Cash and investments - beginning	\$ 133,364	\$ 133,364
Receipts:		
Utility fees	225,580	225,580
Other receipts	<u>30,056</u>	<u>30,056</u>
Total receipts	<u>255,636</u>	<u>255,636</u>
Disbursements:		
Supplies	200	200
Other services and charges	240,248	240,248
Other disbursements	<u>11,766</u>	<u>11,766</u>
Total disbursements	<u>252,214</u>	<u>252,214</u>
Excess (deficiency) of receipts over disbursements	<u>3,422</u>	<u>3,422</u>
Cash and investments - ending	<u>\$ 136,786</u>	<u>\$ 136,786</u>

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

	Montgomery County Regional Sewer District	Totals
Cash and investments - beginning	\$ 136,786	\$ 136,786
Receipts:		
Utility fees	231,615	231,615
Other receipts	<u>218</u>	<u>218</u>
Total receipts	<u>231,833</u>	<u>231,833</u>
Disbursements:		
Other services and charges	5,899	5,899
Utility operating expenses	229,568	229,568
Other disbursements	<u>420</u>	<u>420</u>
Total disbursements	<u>235,887</u>	<u>235,887</u>
Excess (deficiency) of receipts over disbursements	<u>(4,054)</u>	<u>(4,054)</u>
Cash and investments - ending	<u>\$ 132,732</u>	<u>\$ 132,732</u>

(This page intentionally left blank.)

MONTGOMERY COUNTY 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>
Montgomery County Regional Sewer District:	
Land	\$ 125,800
Infrastructure	3,965,207
Buildings	471,000
Improvements other than buildings	129,000
Machinery, equipment, and vehicles	<u>1,226,000</u>
Total Montgomery County Regional Sewer District	<u>5,917,007</u>
Total capital assets	<u>\$ 5,917,007</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/>.