

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

ROCKFIELD REGIONAL SEWER DISTRICT

CARROLL COUNTY, INDIANA

January 1, 2012 to December 31, 2016



**FILED**

01/30/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Steven W. Goodrich	01-01-12 to 03-12-12
	Deborah K. Smith	03-13-12 to 08-31-16
	Rebecca M. Dishon	09-01-16 to 12-31-18
President of the Board	Terry Nipple	01-01-12 to 12-31-13
	Steven W. Goodrich	01-01-14 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE ROCKFIELD REGIONAL SEWER  
DISTRICT, CARROLL COUNTY, INDIANA

We were engaged to examine the accompanying financial statements of the Rockfield Regional Sewer District (District), for the period of January 1, 2012 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.

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.

The District did not maintain adequate financial records segregating cash balances, receipts, and disbursements by fund. The District's records do not permit the application of other examination procedures to ascertain if the financial statements are fairly stated.

Because of the restriction on the scope of our examination discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether the financial statements referred to above presents, in all material respects, the financial position and results of operations of the District for the period of January 1, 2012 to December 31, 2016, based on the prescribed basis of accounting described in Note 1.

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 examination procedures and, accordingly, we express no opinion on them.

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

December 21, 2017

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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.

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

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
Debt Reserve	\$ 20,623	\$ 2,759	\$ -	\$ 23,382	\$ 2,490	\$ -	\$ 25,872
Improvement Fund	3,419	61	-	3,480	30,518	31,027	2,971
Operation And Maintainance	2,055	-	549	1,506	31,000	30,659	1,847
P & I Fund	29,381	-	1,722	27,659	25,600	27,543	25,716
Totals	\$ 55,478	\$ 2,820	\$ 2,271	\$ 56,027	\$ 89,608	\$ 89,229	\$ 56,406

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

ROCKFIELD REGIONAL SEWER DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended December 31, 2014 and 2015

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14	Receipts	Disbursements	Cash and Investments 12-31-15
Interest	\$ -	\$ -	\$ -	\$ -	\$ 21	\$ 24	\$ (3)
Debt Reserve	25,872	1,840	-	27,712	11,235	33,712	5,235
Improvement Fund	2,970	5,239	-	8,209	29,891	42,144	(4,044)
Operation And Maintainance	1,847	2,743	-	4,590	42,144	42,776	3,958
P & I Fund	25,716	-	16,828	8,888	53,464	35,810	26,542
Totals	\$ 56,405	\$ 9,822	\$ 16,828	\$ 49,399	\$ 136,755	\$ 154,466	\$ 31,688

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

ROCKFIELD REGIONAL SEWER DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
Interest	\$ 21	\$ 15	\$ 6	\$ 30
Debt Reserve	5,235	2,892	-	8,127
Improvement Fund	1,348	4,213	-	5,561
Operation And Maintainance	36	1,115	-	1,151
P & I Fund	<u>29,043</u>	<u>904</u>	<u>-</u>	<u>29,947</u>
Totals	<u>\$ 35,683</u>	<u>\$ 9,139</u>	<u>\$ 6</u>	<u>\$ 44,816</u>

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

ROCKFIELD 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.

*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:

ROCKFIELD 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.

ROCKFIELD 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.

#### 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.

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

	Debt Reserve	Improvement Fund	Operation And Maintenance	P & I Fund	Totals
Cash and investments - beginning	\$ 20,623	\$ 3,419	\$ 2,055	\$ 29,381	\$ 55,478
Receipts:					
Other receipts	2,759	61	-	-	2,820
Total receipts	2,759	61	-	-	2,820
Disbursements:					
Other disbursements	-	-	549	1,722	2,271
Total disbursements	-	-	549	1,722	2,271
Excess (deficiency) of receipts over disbursements	2,759	61	(549)	(1,722)	549
Cash and investments - ending	<u>\$ 23,382</u>	<u>\$ 3,480</u>	<u>\$ 1,506</u>	<u>\$ 27,659</u>	<u>\$ 56,027</u>

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

	Debt Reserve	Improvement Fund	Operation And Maintainance	P & I Fund	Totals
Cash and investments - beginning	\$ 23,382	\$ 3,480	\$ 1,506	\$ 27,659	\$ 56,027
Receipts:					
Other receipts	2,490	30,518	31,000	25,600	89,608
Total receipts	2,490	30,518	31,000	25,600	89,608
Disbursements:					
Personal services	-	-	10,159	-	10,159
Supplies	-	-	7,807	-	7,807
Other services and charges	-	-	8,497	-	8,497
Debt service - principal and interest	-	-	-	27,543	27,543
Other disbursements	-	31,027	4,196	-	35,223
Total disbursements	-	31,027	30,659	27,543	89,229
Excess (deficiency) of receipts over disbursements	2,490	(509)	341	(1,943)	379
Cash and investments - ending	<u>\$ 25,872</u>	<u>\$ 2,971</u>	<u>\$ 1,847</u>	<u>\$ 25,716</u>	<u>\$ 56,406</u>

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

	Interest	Debt Reserve	Improvement Fund	Operation And Maintainance	P & I Fund	Totals
Cash and investments - beginning	\$ -	\$ 25,872	\$ 2,970	\$ 1,847	\$ 25,716	\$ 56,405
Receipts:						
Charges for services	-	1,840	5,215	2,743	-	9,798
Other receipts	-	-	24	-	-	24
Total receipts	-	1,840	5,239	2,743	-	9,822
Disbursements:						
Other disbursements	-	-	-	-	16,828	16,828
Total disbursements	-	-	-	-	16,828	16,828
Excess (deficiency) of receipts over disbursements	-	1,840	5,239	2,743	(16,828)	(7,006)
Cash and investments - ending	\$ -	\$ 27,712	\$ 8,209	\$ 4,590	\$ 8,888	\$ 49,399

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

	Interest	Debt Reserve	Improvement Fund	Operation And Maintenance	P & I Fund	Totals
Cash and investments - beginning	\$ -	\$ 27,712	\$ 8,209	\$ 4,590	\$ 8,888	\$ 49,399
Receipts:						
Charges for services	-	-	-	-	53,464	53,464
Other receipts	21	11,235	29,891	42,144	-	83,291
Total receipts	21	11,235	29,891	42,144	53,464	136,755
Disbursements:						
Personal services	-	-	-	11,091	-	11,091
Supplies	-	-	-	17,640	-	17,640
Other services and charges	-	-	-	9,167	-	9,167
Debt service - principal and interest	-	-	-	-	27,390	27,390
Other disbursements	24	33,712	42,144	4,878	8,420	89,178
Total disbursements	24	33,712	42,144	42,776	35,810	154,466
Excess (deficiency) of receipts over disbursements	(3)	(22,477)	(12,253)	(632)	17,654	(17,711)
Cash and investments - ending	\$ (3)	\$ 5,235	\$ (4,044)	\$ 3,958	\$ 26,542	\$ 31,688

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

	Interest	Debt Reserve	Improvement Fund	Operation And Maintenance	P & I Fund	Totals
Cash and investments - beginning	\$ 21	\$ 5,235	\$ 1,348	\$ 36	\$ 29,043	\$ 35,683
Receipts:						
Other receipts	15	2,892	4,213	1,115	904	9,139
Total receipts	15	2,892	4,213	1,115	904	9,139
Disbursements:						
Other disbursements	6	-	-	-	-	6
Total disbursements	6	-	-	-	-	6
Excess (deficiency) of receipts over disbursements	9	2,892	4,213	1,115	904	9,133
Cash and investments - ending	<u>\$ 30</u>	<u>\$ 8,127</u>	<u>\$ 5,561</u>	<u>\$ 1,151</u>	<u>\$ 29,947</u>	<u>\$ 44,816</u>

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

<u>Description of Debt</u>		<u>Ending</u>	<u>Principal and</u>
<u>Type</u>	<u>Purpose</u>	<u>Principal</u>	<u>Interest Due</u>
		<u>Balance</u>	<u>Within One</u>
			<u>Year</u>
Governmental activities:			
Revenue bonds	Rural Development loan to build sewer facility	\$ 8,500	\$ 19,485
Totals		<u>\$ 8,500</u>	<u>\$ 19,485</u>

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ROCKFIELD 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>
Rockfield Regional Sewer District:	
Land	30,165
Buildings	650,570
Machinery, equipment, and vehicles	<u>1,147,335</u>
Total Rockfield Regional Sewer District	<u>1,828,070</u>
Total capital assets	<u>\$ 1,828,070</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/>.