

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TAYLOR REGIONAL SEWER DISTRICT

HOWARD COUNTY, INDIANA

January 1, 2012 to December 31, 2016



FILED
03/08/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Patricia Swavey	01-01-12 to 12-31-18
President of the District Board	Russell Adair, Jr. Johanna Thompson	01-01-12 to 12-31-13 01-01-14 to 12-31-18



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 TAYLOR REGIONAL SEWER DISTRICT, HOWARD COUNTY, INDIANA

We have examined the accompanying financial statements of the Taylor 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. 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.

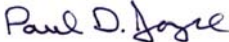
As discussed in Note 1 to the financial statements, the District prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is 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, 2012 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, 2012 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

January 22, 2018

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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TAYLOR 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
Wastewater Wastewater Operating	\$ 27,855	\$ 375,385	\$ 387,809	\$ 15,431	\$ 369,469	\$ 366,528	\$ 18,372
Wastewater Wastewater Op-Bus Savings	27,871	9,117	250	36,738	7,145	7,679	36,204
Wastewater Ww-Trsd Dsr Acct	200,381	273	-	200,654	150	-	200,804
Wastewater Ww-Trsd Sinking Acct	54,459	200,439	154,562	100,336	200,393	200,332	100,397
Totals	\$ 310,566	\$ 585,214	\$ 542,621	\$ 353,159	\$ 577,157	\$ 574,539	\$ 355,777

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

TAYLOR 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
Wastewater Wastewater Operating	\$ 18,372	\$ 402,803	\$ 408,265	\$ 12,910	\$ 372,214	\$ 350,722	\$ 34,402
Wastewater Wastewater Op-Bus Savings	36,204	2,347	24,694	13,857	14	-	13,871
Wastewater Ww-Trsd Dsr Acct	200,804	119	-	200,923	162	-	201,085
Wastewater Ww-Trsd Sinking Acct	100,397	200,379	200,332	100,444	200,391	200,332	100,503
Totals	\$ 355,777	\$ 605,648	\$ 633,291	\$ 328,134	\$ 572,781	\$ 551,054	\$ 349,861

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

TAYLOR 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
Wastewater Utility Operation	\$ 34,402	\$ 333,886	\$ 340,946	\$ 27,342
Wastewater Op-Bus Savings	13,871	113	-	13,984
WW - TRSD Sinking Acct	100,503	200,601	200,331	100,773
WW - TRSD DSR Account	<u>201,085</u>	<u>649</u>	<u>-</u>	<u>201,734</u>
Totals	<u>\$ 349,861</u>	<u>\$ 535,249</u>	<u>\$ 541,277</u>	<u>\$ 343,833</u>

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

TAYLOR 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 a 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.

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:

TAYLOR 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.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

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. 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.

TAYLOR 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.

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

	Wastewater Wastewater Operating	Wastewater Wastewater Op-Bus Savings	Wastewater Ww-Trsd Dsr Acct	Wastewater Ww-Trsd Sinking Acct	Totals
Cash and investments - beginning	\$ 27,855	\$ 27,871	\$ 200,381	\$ 54,459	\$ 310,566
Receipts:					
Utility fees	374,364	-	-	-	374,364
Other receipts	1,021	9,117	273	200,439	210,850
Total receipts	375,385	9,117	273	200,439	585,214
Disbursements:					
Other services and charges	1,631	-	-	-	1,631
Debt service - principal and interest	-	-	-	154,562	154,562
Capital outlay	2,243	-	-	-	2,243
Utility operating expenses	180,273	250	-	-	180,523
Other disbursements	203,662	-	-	-	203,662
Total disbursements	387,809	250	-	154,562	542,621
Excess (deficiency) of receipts over disbursements	(12,424)	8,867	273	45,877	42,593
Cash and investments - ending	\$ 15,431	\$ 36,738	\$ 200,654	\$ 100,336	\$ 353,159

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

	Wastewater Wastewater Operating	Wastewater Wastewater Op-Bus Savings	Wastewater Ww-Trsd Dsr Acct	Wastewater Ww-Trsd Sinking Acct	Totals
Cash and investments - beginning	\$ 15,431	\$ 36,738	\$ 200,654	\$ 100,336	\$ 353,159
Receipts:					
Utility fees	339,729	-	-	-	339,729
Other receipts	29,740	7,145	150	200,393	237,428
Total receipts	369,469	7,145	150	200,393	577,157
Disbursements:					
Other services and charges	1,631	-	-	-	1,631
Debt service - principal and interest	-	-	-	200,332	200,332
Capital outlay	28,602	-	-	-	28,602
Utility operating expenses	129,357	500	-	-	129,857
Other disbursements	206,938	7,179	-	-	214,117
Total disbursements	366,528	7,679	-	200,332	574,539
Excess (deficiency) of receipts over disbursements	2,941	(534)	150	61	2,618
Cash and investments - ending	\$ 18,372	\$ 36,204	\$ 200,804	\$ 100,397	\$ 355,777

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

	Wastewater Wastewater Operating	Wastewater Wastewater Op-Bus Savings	Wastewater Ww-Trsd Dsr Acct	Wastewater Ww-Trsd Sinking Acct	Totals
Cash and investments - beginning	\$ 18,372	\$ 36,204	\$ 200,804	\$ 100,397	\$ 355,777
Receipts:					
Utility fees	365,586	-	-	-	365,586
Other receipts	37,217	2,347	119	200,379	240,062
Total receipts	402,803	2,347	119	200,379	605,648
Disbursements:					
Other services and charges	1,631	-	-	-	1,631
Debt service - principal and interest	-	-	-	200,332	200,332
Capital outlay	46,394	-	-	-	46,394
Utility operating expenses	157,595	-	-	-	157,595
Other disbursements	202,645	24,694	-	-	227,339
Total disbursements	408,265	24,694	-	200,332	633,291
Excess (deficiency) of receipts over disbursements	(5,462)	(22,347)	119	47	(27,643)
Cash and investments - ending	\$ 12,910	\$ 13,857	\$ 200,923	\$ 100,444	\$ 328,134

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

	Wastewater Wastewater Operating	Wastewater Wastewater Op-Bus Savings	Wastewater Ww-Trsd Dsr Acct	Wastewater Ww-Trsd Sinking Acct	Totals
Cash and investments - beginning	\$ 12,910	\$ 13,857	\$ 200,923	\$ 100,444	\$ 328,134
Receipts:					
Utility fees	356,180	-	-	-	356,180
Other receipts	16,034	14	162	200,391	216,601
Total receipts	372,214	14	162	200,391	572,781
Disbursements:					
Other services and charges	1,631	-	-	-	1,631
Debt service - principal and interest	-	-	-	200,332	200,332
Capital outlay	18,296	-	-	-	18,296
Utility operating expenses	130,405	-	-	-	130,405
Other disbursements	200,390	-	-	-	200,390
Total disbursements	350,722	-	-	200,332	551,054
Excess (deficiency) of receipts over disbursements	21,492	14	162	59	21,727
Cash and investments - ending	\$ 34,402	\$ 13,871	\$ 201,085	\$ 100,503	\$ 349,861

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

	Wastewater Utility Operation	Wastewater Op-Bus Savings	WW - TRSD Sinking Acct	WW - TRSD DSR Account	Totals
Cash and investments - beginning	\$ 34,402	\$ 13,871	\$ 100,503	\$ 201,085	\$ 349,861
Receipts:					
Charges for services	323,203	-	-	-	323,203
Other receipts	10,683	113	200,601	649	212,046
Total receipts	333,886	113	200,601	649	535,249
Disbursements:					
Personal services	53,670	-	-	-	53,670
Supplies	7,405	-	-	-	7,405
Other services and charges	50,656	-	200,331	-	250,987
Capital outlay	12,088	-	-	-	12,088
Other disbursements	217,127	-	-	-	217,127
Total disbursements	340,946	-	200,331	-	541,277
Excess (deficiency) of receipts over disbursements	(7,060)	113	270	649	(6,028)
Cash and investments - ending	\$ 27,342	\$ 13,984	\$ 100,773	\$ 201,734	\$ 343,833

TAYLOR 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
Governmental activities: General obligation bonds	State Revolving Fund - CWSRF Traditional Loan	\$ 2,828,889	\$ 200,332
Totals		<u>\$ 2,828,889</u>	<u>\$ 200,332</u>

TAYLOR 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>
Governmental activities:	
Land	\$ 89,890
Infrastructure	2,420,700
Buildings	140,000
Books and other	<u>4,500</u>
Total governmental activities	<u>2,655,090</u>
Total capital assets	<u><u>\$ 2,655,090</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/>.