



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B51978

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](http://www.in.gov/sboa)

January 28, 2019


Board of Trustees  
Jay County Regional Sewer District  
202 South Main Street  
Dunkirk, IN 47336

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of Jay County Regional Sewer District. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2014 to December 31, 2017. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Jay County Regional Sewer District as of December 31, 2014, 2015, 2016 and 2017, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Report for Jay County Regional Sewer District was prepared in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

  
Paul D. Joyce, CPA  
State Examiner

**JAY COUNTY REGIONAL SEWER DISTRICT**  
Jay County, Indiana

**FINANCIAL STATEMENTS**  
December 31, 2014, 2015, 2016 and 2017

JAY COUNTY REGIONAL SEWER DISTRICT  
Jay County, Indiana

FINANCIAL STATEMENTS  
December 31, 2014, 2015, 2016 and 2017

CONTENTS

SCHEDULE OF OFFICIALS (Unaudited) .....	1
INDEPENDENT AUDITOR'S REPORT .....	2
FINANCIAL STATEMENTS	
STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES – REGULATORY BASIS.....	4
NOTES TO FINANCIAL STATEMENTS .....	6
SUPPLEMENTARY INFORMATION (Unaudited)	
COMBINING SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES – REGULATORY BASIS.....	9
SCHEDULE OF PAYABLES AND RECEIVABLES .....	13
SCHEDULE OF LEASES AND DEBT.....	14
SCHEDULE OF CAPITAL ASSETS.....	15
OTHER REPORT.....	16

JAY COUNTY REGIONAL SEWER DISTRICT  
SCHEDULE OF OFFICIALS (Unaudited)  
December 31, 2014, 2015, 2016 and 2017

---

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Ralph Frazee	01-01-14 to 12-31-17
President of the Board	Faron Parr Barry Hudson	01-01-14 to 12-31-16 01-01-17 to 12-31-17

## INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance  
Jay County Regional Sewer District  
Portland, Indiana

**Report on the Financial Statement**

We have audited the accompanying statements of receipts, disbursements, and cash and investment balances of Jay County Regional Sewer District (the Unit) as of and for the years ended December 31, 2014, 2015, 2016 and 2017, and the related notes (the financial statements).

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6) as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

---

(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 to the financial statements, the Unit 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 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Unit as of December 31, 2014, 2015, 2016 and 2017, or changes in net position or cash flows thereof for the years then ended.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investment balances of the Unit as of December 31, 2014, 2015, 2016 and 2017, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Officials and Supplementary Information Schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

  
Crowe LLP

Indianapolis, Indiana  
December 19, 2018

JAY COUNTY REGIONAL SEWER DISTRICT  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 REGULATORY BASIS  
 For The Years Ended December 31, 2014 And 2015

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	<u>01-01-14</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>12-31-14</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>12-31-15</u>
Wastewater Operation & Maintenance	\$ 30,591	\$ 51,245	\$ 66,383	\$ 15,453	\$ 85,232	\$ 72,732	\$ 27,953
Wastewater Revenue	-	81,379	81,378	1	90,105	90,106	-
Wastewater Bond & Interest	13,734	27,273	27,403	13,604	27,013	27,143	13,474
Wastewater Debt Service	7,153	2,861	-	10,014	2,861	-	12,875
Totals	<u>\$ 51,478</u>	<u>\$ 162,758</u>	<u>\$ 175,164</u>	<u>\$ 39,072</u>	<u>\$ 205,211</u>	<u>\$ 189,981</u>	<u>\$ 54,302</u>

See accompanying notes to financial statements.

JAY COUNTY REGIONAL SEWER DISTRICT  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 REGULATORY BASIS  
 For The Years Ended December 31, 2016 And 2017

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	<u>01-01-16</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>12-31-16</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>12-31-17</u>
Wastewater Operation & Maintenance	\$ 27,953	\$ 56,402	\$ 50,526	\$ 33,829	\$ 49,466	\$ 68,177	\$ 15,118
Wastewater Revenue	-	87,015	87,015	-	80,770	80,770	-
Wastewater Bond & Interest	13,474	27,753	26,883	14,344	28,444	28,606	14,182
Wastewater Debt Service	<u>12,875</u>	<u>2,861</u>	<u>-</u>	<u>15,736</u>	<u>2,861</u>	<u>-</u>	<u>18,597</u>
Totals	<u>\$ 54,302</u>	<u>\$ 174,031</u>	<u>\$ 164,424</u>	<u>\$ 63,909</u>	<u>\$ 161,541</u>	<u>\$ 177,553</u>	<u>\$ 47,897</u>

See accompanying notes to financial statements.

JAY COUNTY REGIONAL SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014, 2015, 2016 and 2017

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity: The Jay County Regional Sewer District (the Unit) was established under the laws of the State of Indiana. The Unit operates under an appointed governing board.

The accompanying financial statement presents the financial information for the Unit.

Basis of Accounting: The financial statement is 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 (GAAP), 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. The regulatory basis also allows for all investments to be stated at cost, while GAAP requires fair value for qualifying investments.

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.

Receipts: Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

*Utility fees.* Amounts received from charges for current services.

*Fines and forfeits.* Amounts received including receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

*Other receipts.* 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.

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

*Other services and charges.* Amounts disbursed for services including, but are not limited to: 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 Unit. It includes all expenditures for the reduction of the principal and interest of the Unit 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.

---

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Other disbursements.* Amounts disbursed for various purposes including, but not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, lease agreements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

Interfund Transfers: The Unit 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.

Fund Accounting: Separate funds are established, maintained, and reported by the Unit. 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 Unit. 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 Unit 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 (PDIF). This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Unit 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. Given the limited investment parameters applicable under state statute, certain risks, such as credit, custodial, concentration, and interest rate are not deemed significant.

The Unit held cash deposits with financial institutions that maintained FDIC and PDIF coverages, as applicable. The Unit did not hold investments for any of the years under audit.

**NOTE 3 - RISK MANAGEMENT**

The Unit may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions 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 Unit to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

The Unit has purchased insurance to address the risks described above.

JAY COUNTY REGIONAL SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014, 2015, 2016 and 2017

---

**NOTE 4 - DEBT**

In 2011, the Unit issued revenue bonds in the amount of \$610,000 for the purpose of a sewage works system. The bonds mature on January 1, 2051. The Unit made principal and interest payments during the years under audit.

In 2009 and 2013, the Unit received loans from the Jay County Board of Commissioners in the amount of \$50,000 and \$25,000, respectively, for the purpose of funding startup costs. The Unit made principal and interest payments during the period under audit.

**SUPPLEMENTAL SCHEDULES (Unaudited)**

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

	Wastewater Operation & Maintenance	Wastewater Revenue	Wastewater Bond & Interest	Wastewater Debt Service	Totals
Cash and investments - beginning	\$ 30,591	\$ -	\$ 13,734	\$ 7,153	\$ 51,478
Receipts:					
Utility fees	-	78,496	-	-	78,496
Penalties	-	2,355	-	-	2,355
Other receipts	51,245	528	27,273	2,861	81,907
Total receipts	51,245	81,379	27,273	2,861	162,758
Disbursements:					
Other services and charges	1,458	-	-	-	1,458
Debt service - principal and interest	-	-	27,403	-	27,403
Capital outlay	9,421	-	-	-	9,421
Utility operating expenses	55,504	-	-	-	55,504
Other disbursements	-	81,378	-	-	81,378
Total disbursements	66,383	81,378	27,403	-	175,164
Excess (deficiency) of receipts over disbursements	(15,138)	1	(130)	2,861	(12,406)
Cash and investments - ending	\$ 15,453	\$ 1	\$ 13,604	\$ 10,014	\$ 39,072

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

	Wastewater Operation & Maintenance	Wastewater Revenue	Wastewater Bond & Interest	Wastewater Debt Service	Totals
Cash and investments - beginning	\$ 15,453	\$ 1	\$ 13,604	\$ 10,014	\$ 39,072
Receipts:					
Utility fees	-	87,056	-	-	87,056
Penalties	-	1,993	-	-	1,993
Other receipts	85,232	1,056	27,013	2,861	116,162
Total receipts	85,232	90,105	27,013	2,861	205,211
Disbursements:					
Other services and charges	1,320	-	-	-	1,320
Debt service - principal and interest	-	-	27,143	-	27,143
Capital outlay	4,756	-	-	-	4,756
Utility operating expenses	66,656	-	-	-	66,656
Other disbursements	-	90,106	-	-	90,106
Total disbursements	72,732	90,106	27,143	-	189,981
Excess (deficiency) of receipts over disbursements	12,500	(1)	(130)	2,861	15,230
Cash and investments - ending	\$ 27,953	\$ -	\$ 13,474	\$ 12,875	\$ 54,302

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

	Wastewater Operation & Maintenance	Wastewater Revenue	Wastewater Bond & Interest	Wastewater Debt Service	Totals
Cash and investments - beginning	\$ 27,953	\$ -	\$ 13,474	\$ 12,875	\$ 54,302
Receipts:					
Utility fees	-	85,351	-	-	85,351
Penalties	-	1,136	-	-	1,136
Other receipts	56,402	528	27,753	2,861	87,544
Total receipts	56,402	87,015	27,753	2,861	174,031
Disbursements:					
Other services and charges	1,350	-	-	-	1,350
Debt service - principal and interest	-	-	26,883	-	26,883
Capital outlay	2,347	-	-	-	2,347
Utility operating expenses	46,829	-	-	-	46,829
Other disbursements	-	87,015	-	-	87,015
Total disbursements	50,526	87,015	26,883	-	164,424
Excess (deficiency) of receipts over disbursements	5,876	-	870	2,861	9,607
Cash and investments - ending	\$ 33,829	\$ -	\$ 14,344	\$ 15,736	\$ 63,909

JAY COUNTY REGIONAL SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

	Wastewater Operation & Maintenance	Wastewater Revenue	Wastewater Bond & Interest	Wastewater Debt Service	Totals
Cash and investments - beginning	\$ 33,829	\$ -	\$ 14,344	\$ 15,736	\$ 63,909
Receipts:					
Utility fees	-	79,638	-	-	79,638
Penalties	-	940	-	-	940
Other receipts	49,466	192	28,444	2,861	80,963
Total receipts	49,466	80,770	28,444	2,861	161,541
Disbursements:					
Other services and charges	1,366	-	-	-	1,366
Debt service - principal and interest	-	-	28,606	-	28,606
Capital outlay	8,893	-	-	-	8,893
Utility operating expenses	57,918	-	-	-	57,918
Other disbursements	-	80,770	-	-	80,770
Total disbursements	68,177	80,770	28,606	-	177,553
Excess (deficiency) of receipts over disbursements	(18,711)	-	(162)	2,861	(16,012)
Cash and investments - ending	\$ 15,118	\$ -	\$ 14,182	\$ 18,597	\$ 47,897

JAY COUNTY REGIONAL SEWER DISTRICT  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2017

---

<u>Government or Enterprise</u>	Accounts <u>Payable</u>	Accounts <u>Receivable</u>
Wastewater	\$ 3,177	\$ 2,929
Governmental activities	<u>-</u>	<u>-</u>
Totals	<u>\$ 3,177</u>	<u>\$ 2,929</u>

JAY COUNTY REGIONAL SEWER DISTRICT  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2017

---

<u>Type</u>	<u>Description of Debt</u>	<u>Purpose</u>	<u>Ending Principal Balance</u>	<u>Principal and Interest Due Within One Year</u>
Wastewater:				
Revenue bonds		Sewer Bonds	\$ 565,000	\$ 28,281
Notes and loans payable		Jay County	<u>75,000</u>	<u>7,143</u>
	Total Wastewater		<u>640,000</u>	<u>35,424</u>
Totals			<u>\$ 640,000</u>	<u>\$ 35,424</u>

---

JAY COUNTY REGIONAL SEWER DISTRICT  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2017

---

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:	
Total governmental activities	\$ _____ -
Wastewater:	
Infrastructure	<u>1,174,895</u>
Total capital assets	<u>\$ 1,174,895</u>

JAY COUNTY REGIONAL SEWER DISTRICT  
OTHER REPORT  
December 31, 2014, 2015, 2016 and 2017

---

The reports presented herein were prepared in addition to another official report prepared for the Unit as listed below:

Indiana State Board of Accounts Compliance Examination of Jay County Regional Sewer District

The above report contains the results of the compliance examination as required by the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts*.