

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

FINANCIAL STATEMENTS AUDIT REPORT
OF

TELEGRAPH HILL-RYKERS RIDGE
REGIONAL SEWER DISTRICT
JEFFERSON COUNTY, INDIANA

January 1, 2016 to December 31, 2018



FILED
12/13/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	(Vacant) Susan Culbreth	01-01-16 to 03-21-16 03-22-16 to 12-31-19
President of the Board of Trustees	Gary Maas	01-01-16 to 12-31-19



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TELEGRAPH HILL-RYKERS RIDGE REGIONAL
SEWER DISTRICT, JEFFERSON COUNTY, INDIANA

Report on the Financial Statements

We have audited the accompanying financial statements of the Telegraph Hill-Rykens Ridge Regional Sewer District (District), which comprise the financial position and results of operations for the period of January 1, 2016 to December 31, 2018, and the related notes to the financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. 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 audit. We conducted our audit 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 District'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 District'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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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 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 and results of operations of the District for the period of January 1, 2016 to December 31, 2018.


Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the District for the period of January 1, 2016 to December 31, 2018, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Other Information

Our audit 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 Payables and Receivables, and Schedule of Leases and Debt, 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 auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.


Paul D. Joyce, CPA
State Examiner

October 24, 2019

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.

TELEGRAPH HILL-RYKERS RIDGE REGIONAL SEWER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended December 31, 2016 and 2017

\$

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16	Receipts	Disbursements	Cash and Investments 12-31-17
PHASE 3 - DEBT RESERVE CASH	\$ 74,908	\$ 4,828	\$ -	\$ 79,736	\$ 4,823	\$ -	\$ 84,559
Debt Reserve Ph 1 & 2	41,107	24	-	41,131	10	-	41,141
PHASE 3 REPAIR FUND	-	60,010	-	60,010	16	-	60,026
Certificate of Deposit	28,890	-	-	28,890	201	29,091	-
Cash On Hand	200	-	-	200	-	-	200
Depreciation Reserve - Ph 1 & 2	94,475	24,064	15,000	103,539	24,033	-	127,572
Operating Account - Ph 1 & 2	33,578	269,784	288,993	14,369	480,186	430,294	64,261
Operating Account - Ph 3	295,551	204,461	184,501	315,511	288,884	474,785	129,610
Totals	<u>\$ 568,709</u>	<u>\$ 563,171</u>	<u>\$ 488,494</u>	<u>\$ 643,386</u>	<u>\$ 798,153</u>	<u>\$ 934,170</u>	<u>\$ 507,369</u>

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

TELEGRAPH HILL-RYKERS RIDGE REGIONAL SEWER DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18
PHASE 3 - DEBT RESERVE CASH	\$ 84,559	\$ 4,828	\$ -	\$ 89,387
Debt Reserve Ph 1 & 2	41,141	15	-	41,156
PHASE 3 REPAIR FUND	60,026	20	-	60,046
Cash On Hand	200	-	-	200
Depreciation Reserve - Ph 1 & 2	127,572	24,041	-	151,613
Operating Account - Ph 1 & 2	64,261	300,473	257,647	107,087
Operating Account - Ph 3	129,610	256,958	323,022	63,546
Totals	\$ 507,369	\$ 586,335	\$ 580,669	\$ 513,035

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

TELEGRAPH HILL-RYKERS RIDGE 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.

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:

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.

TELEGRAPH HILL-RYKERS RIDGE REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

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.

TELEGRAPH HILL-RYKERS RIDGE REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

The Operating Cash Phase 1 and 2 fund and Bond and Interest Cash Phase 1 and 2 fund were reported separately in the prior report, but were combined and reported as the Operating Account - Ph 1 & 2 fund in the current financial statements.

The Operating Cash Phase 3 fund and the Bond and Interest Cash Phase 3 fund were reported separately in the prior financial statements, but were combined and report as the Operating Account - Ph 3 fund in the current financial statements.

OTHER INFORMATION - UNAUDITED

The District's Annual Financial Reports information can be found on the Indiana Gateway for Government Units 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 audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the District. It is presented as intended by the District.

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

	<u>PHASE 3 - DEBT RESERVE CASH</u>	<u>Debt Reserve Ph 1 & 2</u>	<u>PHASE 3 REPAIR FUND</u>	<u>Certificate of Deposit</u>	<u>Cash On Hand</u>
Cash and investments - beginning	\$ 74,908	\$ 41,107	\$ -	\$ 28,890	\$ 200
Receipts:					
Charges for services	-	-	-	-	-
Other receipts	4,828	24	60,010	-	-
Total receipts	4,828	24	60,010	-	-
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	4,828	24	60,010	-	-
Cash and investments - ending	\$ 79,736	\$ 41,131	\$ 60,010	\$ 28,890	\$ 200

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

	Depreciation Reserve - Ph 1 & 2	Operating Account - Ph 1 & 2	Operating Account - Ph 3	Totals
Cash and investments - beginning	\$ 94,475	\$ 33,578	\$ 295,551	\$ 568,709
Receipts:				
Charges for services	-	269,770	204,337	474,107
Other receipts	24,064	14	124	89,064
Total receipts	24,064	269,784	204,461	563,171
Disbursements:				
Personal services	-	60,800	26,400	87,200
Supplies	-	2,372	2,683	5,055
Other services and charges	-	188,888	126,721	315,609
Debt service - principal and interest	-	36,933	28,697	65,630
Other disbursements	15,000	-	-	15,000
Total disbursements	15,000	288,993	184,501	488,494
Excess (deficiency) of receipts over disbursements	9,064	(19,209)	19,960	74,677
Cash and investments - ending	\$ 103,539	\$ 14,369	\$ 315,511	\$ 643,386

TELEGRAPH HILL-RYKERS RIDGE REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	PHASE 3 - DEBT RESERVE CASH	Debt Reserve Ph 1 & 2	PHASE 3 REPAIR FUND	Certificate of Deposit	Cash On Hand
Cash and investments - beginning	\$ 79,736	\$ 41,131	\$ 60,010	\$ 28,890	\$ 200
Receipts:					
Charges for services	-	-	-	-	-
Other receipts	4,823	10	16	201	-
Total receipts	4,823	10	16	201	-
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	-	-	-	29,091	-
Total disbursements	-	-	-	29,091	-
Excess (deficiency) of receipts over disbursements	4,823	10	16	(28,890)	-
Cash and investments - ending	\$ 84,559	\$ 41,141	\$ 60,026	\$ -	\$ 200

TELEGRAPH HILL-RYKERS RIDGE REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Depreciation Reserve - Ph 1 & 2	Operating Account - Ph 1 & 2	Operating Account - Ph 3	Totals
Cash and investments - beginning	\$ 103,539	\$ 14,369	\$ 315,511	\$ 643,386
Receipts:				
Charges for services	-	295,048	288,762	583,810
Other receipts	24,033	185,138	122	214,343
Total receipts	24,033	480,186	288,884	798,153
Disbursements:				
Personal services	-	60,400	7,105	67,505
Supplies	-	3,365	30,145	33,510
Other services and charges	-	162,329	247,930	410,259
Debt service - principal and interest	-	180,200	28,757	208,957
Capital outlay	-	24,000	-	24,000
Other disbursements	-	-	160,848	189,939
Total disbursements	-	430,294	474,785	934,170
Excess (deficiency) of receipts over disbursements	24,033	49,892	(185,901)	(136,017)
Cash and investments - ending	\$ 127,572	\$ 64,261	\$ 129,610	\$ 507,369

TELEGRAPH HILL-RYKERS RIDGE REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	PHASE 3 - DEBT RESERVE CASH	Debt Reserve Ph 1 & 2	PHASE 3 REPAIR FUND	Cash On Hand
Cash and investments - beginning	\$ 84,559	\$ 41,141	\$ 60,026	\$ 200
Receipts:				
Charges for services	-	-	-	-
Other receipts	4,828	15	20	-
Total receipts	4,828	15	20	-
Disbursements:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Debt service - principal and interest	-	-	-	-
Other disbursements	-	-	-	-
Total disbursements	-	-	-	-
Excess (deficiency) of receipts over disbursements	4,828	15	20	-
Cash and investments - ending	\$ 89,387	\$ 41,156	\$ 60,046	\$ 200

TELEGRAPH HILL-RYKERS RIDGE REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	Depreciation Reserve - Ph 1 & 2	Operating Account - Ph 1 & 2	Operating Account - Ph 3	Totals
Cash and investments - beginning	\$ 127,572	\$ 64,261	\$ 129,610	\$ 507,369
Receipts:				
Charges for services	-	300,404	248,168	548,572
Other receipts	24,041	69	8,790	37,763
Total receipts	24,041	300,473	256,958	586,335
Disbursements:				
Personal services	-	60,000	8,916	68,916
Supplies	-	4,827	4,679	9,506
Other services and charges	-	136,305	275,744	412,049
Debt service - principal and interest	-	23,725	28,883	52,608
Other disbursements	-	32,790	4,800	37,590
Total disbursements	-	257,647	323,022	580,669
Excess (deficiency) of receipts over disbursements	24,041	42,826	(66,064)	5,666
Cash and investments - ending	\$ 151,613	\$ 107,087	\$ 63,546	\$ 513,035

TELEGRAPH HILL-RYKERS RIDGE REGIONAL SEWER DISTRICT
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ -</u>	<u>\$ 79,223</u>

TELEGRAPH HILL-RYKERS RIDGE REGIONAL SEWER DISTRICT
SCHEDULE OF LEASES AND DEBT
December 31, 2018

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Governmental activities:			
Notes and loans payable	Phase 1 & 2 project USDA loan	\$ 301,000	\$ 23,298
Notes and loans payable	Phase 3 project SRF loan	<u>125,800</u>	<u>28,971</u>
Total governmental activities		<u>426,800</u>	<u>52,269</u>
Totals		<u>\$ 426,800</u>	<u>\$ 52,269</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/>.