

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

JACKSON TOWNSHIP REGIONAL SEWER DISTRICT

BLACKFORD COUNTY, INDIANA

January 1, 2016 to December 31, 2018



**FILED**  
03/30/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sheila Hyer	01-01-16 to 12-31-20
President of the District Board	Collin Green	01-01-16 to 12-31-20



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE JACKSON TOWNSHIP REGIONAL  
SEWER DISTRICT, BLACKFORD COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Jackson Township Regional Sewer District (District), for the period of January 1, 2016 to December 31, 2018. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the District's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory 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. This includes determining that the basis of accounting the District uses is an acceptable basis for the preparation of the financial statements in the circumstances. 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 misstatements whether due to fraud or error.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### ***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
(Continued)

***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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. Our conclusion is not modified with respect to this matter.

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

February 26, 2020

## 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.

JACKSON TOWNSHIP 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
Operating Fund	\$ 914	\$ 27,320	\$ 24,162	\$ 4,072	\$ 23,130	\$ 26,469	\$ 733

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

JACKSON TOWNSHIP 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
Operating Fund	\$ <u>733</u>	\$ <u>24,302</u>	\$ <u>21,220</u>	\$ <u>3,815</u>

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

JACKSON TOWNSHIP 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:

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

**E. Disbursements**

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

*Utility operating expenses.* Amounts disbursed for operating the utilities.

**F. 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.

JACKSON TOWNSHIP REGIONAL SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**Note 2. Budgets**

The operating budget is 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.

**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.

**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. 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 5. Subsequent Events**

On July 5, 2019, the District received \$30,000 through a grant agreement with the United States Department of Agriculture (USDA), for the purpose of funding costs associated with sewer system infiltration and inflow studies services. The services were performed and subsequently paid for on July 25, 2019.

JACKSON TOWNSHIP REGIONAL SEWER DISTRICT  
REVIEW RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT FILED AFTER DUE DATE**

*Condition and Context*

The District did not timely file the Annual Financial Report with the Indiana State Board of Accounts through the Indiana Gateway for Government Units financial reporting system for 2016, 2017, and 2018. The 2016 report was filed May 23, 2018, which was 448 days past the due date. The 2017 report was filed May 23, 2018, which was 83 days past the due date. The 2018 report was filed April 15, 2019, which was 45 days past the due date.

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

**CERTIFIED REPORT FILED AFTER DUE DATE**

*Condition and Context*

The District's Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) for 2016, 2017, and 2018 were not filed in a timely manner. The 2016 report was filed May 22, 2018, which was 476 days past the due date. The 2017 report was filed May 22, 2018, which was 111 days past the due date. The 2018 report was filed April 11, 2019, which was 70 days past the due date.

*Criteria*

Indiana Code 5-11-13-1(a) states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. . . . The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

**ADOPTION OF INTERNAL CONTROL STANDARDS**

*Condition and Context*

The District had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

JACKSON TOWNSHIP REGIONAL SEWER DISTRICT  
REVIEW RESULTS AND COMMENTS  
(Continued)

*Criteria*

Indiana 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision . . ."

**DEPOSITS**

A similar comment also appeared in prior Compliance Letter, B47162, entitled *UNRESOLVED COMMENTS FROM PRIOR REPORT*.

*Condition and Context*

The District was not making deposits of receipts on the business day following the receipt of funds. Some receipts were being held for as long as a month. During 2018, deposits were made on average of two times per month.

*Criteria*

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

**SALES TAX PAID ON PURCHASES**

A similar comment also appeared in prior Compliance Letter, B47162, entitled *UNRESOLVED COMMENTS FROM PRIOR REPORT*.

*Condition and Context*

Claims and invoices reviewed revealed that sales tax was paid on the District's monthly electric bills. We reviewed the last six electric bill claims in 2018, totaling \$1,892. Total sales tax paid on the claims reviewed was \$124.

*Criteria*

Sales taxes that are paid on qualifying purchases by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

JACKSON TOWNSHIP REGIONAL SEWER DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on February 26, 2020, with Sheila Hyer, Treasurer, and Lynn Mannix, Vice President of the District Board.