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December 31, 2020


Board of Trustees
Northwest Jasper Regional Water District
P.O. Box 400
Demotte, IN 46310

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of Northwest Jasper Regional Water District. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2018 to December 31, 2019. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Northwest Jasper Regional Water District as of December 31, 2018 and 2019, 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 Northwest Jasper Regional Water 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

NORTHWEST JASPER REGIONAL WATER DISTRICT
Jasper County, Indiana

FINANCIAL STATEMENTS
December 31, 2018 and 2019

NORTHWEST JASPER REGIONAL WATER DISTRICT
Jasper County, Indiana

FINANCIAL STATEMENTS
December 31, 2018 and 2019

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NORTHWEST JASPER REGIONAL WATER DISTRICT
SCHEDULE OF OFFICIALS (Unaudited)
December 31, 2018 and 2019

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Donald Goetz	01-01-17 to 12-31-19
President of the Board	Andrew Andree	01-01-17 to 12-31-19

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
Northwest Jasper Regional Water District
DeMotte, Indiana

Report on the Financial Statement

We have audited the accompanying statements of receipts, disbursements, and cash and investment balances of Northwest Jasper Regional Water District (the Unit) as of and for the years ended December 31, 2018 and 2019 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, 2018 and 2019 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, 2018 and 2019, 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 28, 2020

NORTHWEST JASPER REGIONAL WATER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2018 and 2019

<u>Fund</u>	Cash and Investments <u>01-01-18</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-18</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-19</u>
Water WATER UTILITY OPERATING	\$ 158,231	\$ 826,445	\$ 695,276	\$ 289,400	\$ 839,933	\$ 1,018,968	\$ 110,365
Water WATER DEPOSITS	1,897	3,225	2,250	2,872	2,325	2,869	2,328
Water WATER METER	4,603	35,981	40,584	-	27,552	26,507	1,045
Water WATER TAP FEE	97,285	53,611	24,974	125,922	34,450	7,822	152,550
Water WATER BOND & INT	240,178	435,600	435,394	240,384	436,800	435,681	241,503
Water WATER DEBT SERVICE	<u>294,574</u>	<u>72,000</u>	<u>17</u>	<u>366,557</u>	<u>72,000</u>	<u>-</u>	<u>438,557</u>
Totals	<u>\$ 796,768</u>	<u>\$ 1,426,862</u>	<u>\$ 1,198,495</u>	<u>\$ 1,025,135</u>	<u>\$ 1,413,060</u>	<u>\$ 1,491,847</u>	<u>\$ 946,348</u>

See notes to financial statements.

NORTHWEST JASPER REGIONAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Northwest Jasper Regional Water 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.

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:

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.

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)

NORTHWEST JASPER REGIONAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2019

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.

(Continued)

NORTHWEST JASPER REGIONAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2019

NOTE 4 - DEBT

In 2012, the Unit issued the Revenue Bonds of 2012, Series A, B and C in the amounts of \$6,286,000, \$3,097,000 and \$200,000, respectively. The bonds were issued for the purpose of constructing a public water supply. The bonds mature on January 1, 2052. The Unit made principal and interest payments during the years under audit.

NOTE 5 – RECENT EVENTS

In December 2019, a novel strain of coronavirus surfaced and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Unit may be materially affected by this global pandemic. The Unit has budgeted for operations and has continued to maintain business operations during 2020 to date. The extent to which the coronavirus may affect revenues and other business activity will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

On April 30, 2020, the Unit issued the Waterworks Bond Anticipation Notes, Series 2020 in the principal amount of \$5,700,000 for the purpose of constructing a new treatment plant and the extension of water lines. The note matures on January 1, 2022 with interest payable semiannually at 2.3%. The Unit expects to convert the Note to a Revenue Bond in an amount up to \$5,500,000.

SUPPLEMENTAL SCHEDULES (Unaudited)

NORTHWEST JASPER REGIONAL WATER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	Water WATER UTILITY <u>OPERATING</u>	Water WATER <u>DEPOSITS</u>	Water WATER <u>METER</u>	Water WATER TAP <u>FEE</u>	Water WATER BOND & <u>INT</u>	Water WATER DEBT <u>SERVICE</u>	<u>Totals</u>
Cash and investments - beginning	\$ 158,231	\$ 1,897	\$ 4,603	\$ 97,285	\$ 240,178	\$ 294,574	\$ 796,768
Receipts:							
Utility fees	825,314	-	-	-	-	-	825,314
Other receipts	<u>1,131</u>	<u>3,225</u>	<u>35,981</u>	<u>53,611</u>	<u>435,600</u>	<u>72,000</u>	<u>601,548</u>
Total receipts	<u>826,445</u>	<u>3,225</u>	<u>35,981</u>	<u>53,611</u>	<u>435,600</u>	<u>72,000</u>	<u>1,426,862</u>
Disbursements:							
Personal services	26,215	-	-	-	-	-	26,215
Other services and charges	9,202	-	-	-	-	-	9,202
Debt service - principal and interest	-	-	-	-	435,394	-	435,394
Capital outlay	-	-	40,584	7,974	-	-	48,558
Utility operating expenses	140,928	-	-	-	-	-	140,928
Other disbursements	<u>518,931</u>	<u>2,250</u>	<u>-</u>	<u>17,000</u>	<u>-</u>	<u>17</u>	<u>538,198</u>
Total disbursements	<u>695,276</u>	<u>2,250</u>	<u>40,584</u>	<u>24,974</u>	<u>435,394</u>	<u>17</u>	<u>1,198,495</u>
Excess (deficiency) of receipts over disbursements	<u>131,169</u>	<u>975</u>	<u>(4,603)</u>	<u>28,637</u>	<u>206</u>	<u>71,983</u>	<u>228,367</u>
Cash and investments - ending	<u>\$ 289,400</u>	<u>\$ 2,872</u>	<u>\$ -</u>	<u>\$ 125,922</u>	<u>\$ 240,384</u>	<u>\$ 366,557</u>	<u>\$ 1,025,135</u>

NORTHWEST JASPER REGIONAL WATER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2019

	<u>Water WATER UTILITY OPERATING</u>	<u>Water WATER DEPOSITS</u>	<u>Water WATER METER</u>	<u>Water WATER TAP FEE</u>	<u>Water WATER BOND & INT</u>	<u>Water WATER DEBT SERVICE</u>	<u>Totals</u>
Cash and investments - beginning	\$ 289,400	\$ 2,872	\$ -	\$ 125,922	\$ 240,384	\$ 366,557	\$ 1,025,135
Receipts:							
Utility fees	839,867	-	-	-	-	-	839,867
Other receipts	<u>66</u>	<u>2,325</u>	<u>27,552</u>	<u>34,450</u>	<u>436,800</u>	<u>72,000</u>	<u>573,193</u>
Total receipts	<u>839,933</u>	<u>2,325</u>	<u>27,552</u>	<u>34,450</u>	<u>436,800</u>	<u>72,000</u>	<u>1,413,060</u>
Disbursements:							
Personal services	26,245	-	-	-	-	-	26,245
Other services and charges	7,270	-	-	-	-	-	7,270
Debt service - principal and interest	-	-	-	-	435,681	-	435,681
Capital outlay	-	-	26,107	-	-	-	26,107
Utility operating expenses	464,049	-	-	-	-	-	464,049
Other disbursements	<u>521,404</u>	<u>2,869</u>	<u>400</u>	<u>7,822</u>	<u>-</u>	<u>-</u>	<u>532,495</u>
Total disbursements	<u>1,018,968</u>	<u>2,869</u>	<u>26,507</u>	<u>7,822</u>	<u>435,681</u>	<u>-</u>	<u>1,491,847</u>
Excess (deficiency) of receipts over disbursements	<u>(179,035)</u>	<u>(544)</u>	<u>1,045</u>	<u>26,628</u>	<u>1,119</u>	<u>72,000</u>	<u>(78,787)</u>
Cash and investments - ending	<u>\$ 110,365</u>	<u>\$ 2,328</u>	<u>\$ 1,045</u>	<u>\$ 152,550</u>	<u>\$ 241,503</u>	<u>\$ 438,557</u>	<u>\$ 946,348</u>

NORTHWEST JASPER REGIONAL WATER DISTRICT
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2019

<u>Government or Enterprise</u>	Accounts <u>Payable</u>	Accounts <u>Receivable</u>
Water	\$ 7,689	\$ 78,505
Governmental activities	<u>-</u>	<u>-</u>
Totals	<u>\$ 7,689</u>	<u>\$ 78,505</u>

NORTHWEST JASPER REGIONAL WATER DISTRICT
 SCHEDULE OF LEASES AND DEBT
 December 31, 2019

Description of Debt		Ending	Principal and
<u>Type</u>	<u>Purpose</u>	<u>Principal</u>	<u>Interest Due</u>
		<u>Balance</u>	<u>Within One</u>
			<u>Year</u>
Water:			
Revenue bonds	Public Water Supply Bond B	\$ 2,822,000	\$ 132,447
Revenue bonds	Public Water Supply Bond A	5,792,000	295,174
Revenue bonds	Public Water Supply Bond C	<u>180,000</u>	<u>8,936</u>
Total Water		<u>8,794,000</u>	<u>436,557</u>
Totals		<u>\$ 8,794,000</u>	<u>\$ 436,557</u>

NORTHWEST JASPER REGIONAL WATER DISTRICT
SCHEDULE OF CAPITAL ASSETS
December 31, 2019

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>
Water:	
Land	60,000
Infrastructure	10,470,965
Buildings	2,768,844
Machinery, equipment, and vehicles	<u>28,025</u>
Total Water	<u>13,327,834</u>
Total capital assets	<u>\$ 13,327,834</u>

NORTHWEST JASPER REGIONAL WATER DISTRICT
OTHER REPORT
December 31, 2018 and 2019

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 Northwest Jasper Regional Water 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*.