

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

FINANCIAL STATEMENT AUDIT REPORT

OF

NORTHWEST JASPER REGIONAL WATER DISTRICT

JASPER COUNTY, INDIANA

January 1, 2020 to December 31, 2021



FILED
07/08/2022

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	9
Notes to Financial Statement	10-12
Other Information:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	15-18
Schedule of Leases and Debt	19
Other Reports	20

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Donald Goetz	01-01-20 to 12-31-22
President of the District Board	Andrew Andree	01-01-20 to 12-31-22



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTHWEST JASPER REGIONAL
WATER DISTRICT, JASPER COUNTY, INDIANA

Adverse and Unmodified Opinions

We have audited the accompanying financial statement of the Northwest Jasper Regional Water District (District), which comprises the financial position and results of operations as of and for the period of January 1, 2020 to December 31, 2021, and the related notes to the financial statement as listed in the Table of Contents.

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 and Unmodified Opinions* section of our report, the financial statement referred to above does not present fairly, the financial position and results of operations of the District as of December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the respective financial position and results of operations of the District, as of December 31, 2021, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statement, the District prepares its financial statement 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 statement 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement 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 the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis and the Schedule of Leases and Debt, as listed in the Table of Contents, but does not include the basic financial statement and our auditor's report thereon. Our opinions on the basic financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we concluded that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.


Beth Kelley, CPA, CFE
Deputy State Examiner

June 21, 2022

(This page intentionally left blank.)

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the District. The financial statement and notes are presented as intended by the District.

(This page intentionally left blank.)

NORTHWEST JASPER REGIONAL WATER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS

For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
WATER CONSTRUCTION IN PROGRESS	\$ -	\$ 6,354,000	\$ 798,519	\$ 5,555,481	\$ 7,375,316	\$ 9,137,864	\$ 3,792,933
WATER UTILITY OPERATING	110,365	1,130,428	938,055	302,738	6,719,794	6,358,832	663,700
WATER DEPOSITS	2,328	825	1,125	2,028	1,725	450	3,303
WATER METER	1,045	21,809	6,695	16,159	25,701	12,783	29,077
WATER TAP FEE	152,550	5,684,919	5,652,694	184,775	32,631	35,000	182,406
WATER BOND & INT	241,503	431,100	559,167	113,436	409,200	486,646	35,990
WATER DEBT SERVICE	438,557	171,008	141,369	468,196	-	159,008	309,188
BONY - SRFDW NW JASPER RD LOCAL CONSTRUCTION	-	-	-	-	1,350,070	-	1,350,070
BONY - SRFDW NORTHWEST JASPER RD CONSTRUCTION 21A	-	-	-	-	2,685,089	2,398,470	286,619
BONY - SRFDW NORTHWEST JASPER RD CONSTRUCTION 21B	-	-	-	-	3,445,153	963,244	2,481,909
BONY - SRFDW NORTHWEST JASPER RD RESERVE	-	-	-	-	441,678	140,346	301,332
BONY - SRFDW NORTHWEST JASPER RD 2012 RESERVE	-	-	-	-	140,349	-	140,349
BONY - SRFDW NORTHWEST JASPER RD B & I	-	-	-	-	138,600	-	138,600
Totals	<u>\$ 946,348</u>	<u>\$ 13,794,089</u>	<u>\$ 8,097,624</u>	<u>\$ 6,642,813</u>	<u>\$ 22,765,305</u>	<u>\$ 19,692,643</u>	<u>\$ 9,715,475</u>

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

NORTHWEST JASPER REGIONAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENT

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 statement presents the financial information for the District.

B. 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, 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 statement. The aggregate receipts include the following sources:

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 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 not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

NORTHWEST JASPER REGIONAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

NORTHWEST JASPER REGIONAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENT
(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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

OTHER INFORMATION

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 statement 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.

(This page intentionally left blank.)

NORTHWEST JASPER REGIONAL WATER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2020

	WATER CONSTRUCTION IN PROGRESS	WATER UTILITY OPERATING	WATER DEPOSITS	WATER METER	WATER TAP FEE	WATER BOND & INT	WATER DEBT SERVICE
Cash and investments - beginning	\$ -	\$ 110,365	\$ 2,328	\$ 1,045	\$ 152,550	\$ 241,503	\$ 438,557
Receipts:							
Utility fees	-	1,127,577	-	-	-	-	-
Other receipts	6,354,000	2,851	825	21,809	5,684,919	431,100	171,008
Total receipts	6,354,000	1,130,428	825	21,809	5,684,919	431,100	171,008
Disbursements:							
Personal services	-	26,884	-	-	-	-	-
Other services and charges	592,325	6,256	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	559,167	141,309
Capital outlay	206,194	-	-	6,695	206,194	-	-
Utility operating expenses	-	459,315	-	-	-	-	-
Other disbursements	-	445,600	1,125	-	5,446,500	-	60
Total disbursements	798,519	938,055	1,125	6,695	5,652,694	559,167	141,369
Excess (deficiency) of receipts over disbursements	5,555,481	192,373	(300)	15,114	32,225	(128,067)	29,639
Cash and investments - ending	\$ 5,555,481	\$ 302,738	\$ 2,028	\$ 16,159	\$ 184,775	\$ 113,436	\$ 468,196

NORTHWEST JASPER REGIONAL WATER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2020

	BONY - SRFDW NW JASPER RD LOCAL CONSTRUCTION	BONY - SRFDW NORTHWEST JASPER RD CONSTRUCTION 21A	BONY - SRFDW NORTHWEST JASPER RD CONSTRUCTION 21B	BONY - SRFDW NORTHWEST JASPER RD RESERVE	BONY - SRFDW NORTHWEST JASPER RD 2012 RESERVE	BONY - SRFDW NORTHWEST JASPER RD B & I	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 946,348
Receipts:							
Utility fees	-	-	-	-	-	-	1,127,577
Other receipts	-	-	-	-	-	-	12,666,512
Total receipts	-	-	-	-	-	-	13,794,089
Disbursements:							
Personal services	-	-	-	-	-	-	26,884
Other services and charges	-	-	-	-	-	-	598,581
Debt service - principal and interest	-	-	-	-	-	-	700,476
Capital outlay	-	-	-	-	-	-	419,083
Utility operating expenses	-	-	-	-	-	-	459,315
Other disbursements	-	-	-	-	-	-	5,893,285
Total disbursements	-	-	-	-	-	-	8,097,624
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	5,696,465
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,642,813

NORTHWEST JASPER REGIONAL WATER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2021

	WATER CONSTRUCTION IN PROGRESS	WATER UTILITY OPERATING	WATER DEPOSITS	WATER METER	WATER TAP FEE	WATER BOND & INT	WATER DEBT SERVICE
Cash and investments - beginning	\$ 5,555,481	\$ 302,738	\$ 2,028	\$ 16,159	\$ 184,775	\$ 113,436	\$ 468,196
Receipts:							
Utility fees	-	1,191,055	-	-	-	-	-
Other receipts	7,375,316	5,528,739	1,725	25,701	32,631	409,200	-
Total receipts	7,375,316	6,719,794	1,725	25,701	32,631	409,200	-
Disbursements:							
Personal services	-	22,120	-	-	-	-	-
Other services and charges	7,018,804	6,516	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	486,646	-
Capital outlay	2,119,060	-	-	12,783	35,000	-	-
Utility operating expenses	-	5,752,597	450	-	-	-	-
Other disbursements	-	577,599	-	-	-	-	159,008
Total disbursements	9,137,864	6,358,832	450	12,783	35,000	486,646	159,008
Excess (deficiency) of receipts over disbursements	(1,762,548)	360,962	1,275	12,918	(2,369)	(77,446)	(159,008)
Cash and investments - ending	\$ 3,792,933	\$ 663,700	\$ 3,303	\$ 29,077	\$ 182,406	\$ 35,990	\$ 309,188

NORTHWEST JASPER REGIONAL WATER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2021

	BONY - SRFDW NW JASPER RD LOCAL CONSTRUCTION	BONY - SRFDW NORTHWEST JASPER RD CONSTRUCTION 21A	BONY - SRFDW NORTHWEST JASPER RD CONSTRUCTION 21B	BONY - SRFDW NORTHWEST JASPER RD RESERVE	BONY - SRFDW NORTHWEST JASPER RD 2012 RESERVE	BONY - SRFDW NORTHWEST JASPER RD B & I	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,642,813
Receipts:							
Utility fees	-	-	-	-	-	-	1,191,055
Other receipts	1,350,070	2,685,089	3,445,153	441,678	140,349	138,600	21,574,250
Total receipts	1,350,070	2,685,089	3,445,153	441,678	140,349	138,600	22,765,305
Disbursements:							
Personal services	-	-	-	-	-	-	22,120
Other services and charges	-	-	-	-	-	-	7,025,320
Debt service - principal and interest	-	-	-	-	-	-	486,646
Capital outlay	-	-	-	-	-	-	2,166,843
Utility operating expenses	-	-	-	-	-	-	5,753,047
Other disbursements	-	2,398,470	963,244	140,346	-	-	4,238,667
Total disbursements	-	2,398,470	963,244	140,346	-	-	19,692,643
Excess (deficiency) of receipts over disbursements	1,350,070	286,619	2,481,909	301,332	140,349	138,600	3,072,662
Cash and investments - ending	\$ 1,350,070	\$ 286,619	\$ 2,481,909	\$ 301,332	\$ 140,349	\$ 138,600	\$ 9,715,475

NORTHWEST JASPER REGIONAL WATER DISTRICT
 SCHEDULE OF LEASES AND DEBT
 As of December 31, 2021

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Water:			
Revenue bonds	Public Water Supply Bond B	\$ 2,711,000	\$ 132,157
Revenue bonds	Public Water Supply Bond C	172,000	8,702
Revenue bonds	Waterworks Refunding Revenue Bonds Series 2020	5,755,000	271,344
Revenue bonds	Waterworks Revenue Bonds Series 2021A (SRF)	2,685,000	165,242
Revenue bonds	Waterworks Revenue Bonds Series 2021B (SRF)	<u>3,445,000</u>	<u>98,649</u>
Total Water		<u>14,768,000</u>	<u>676,094</u>
Totals		<u>\$ 14,768,000</u>	<u>\$ 676,094</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/>.