

STATE BOARD OF ACCOUNTS
302 West Washington Street
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INDIANAPOLIS, INDIANA 46204-2765

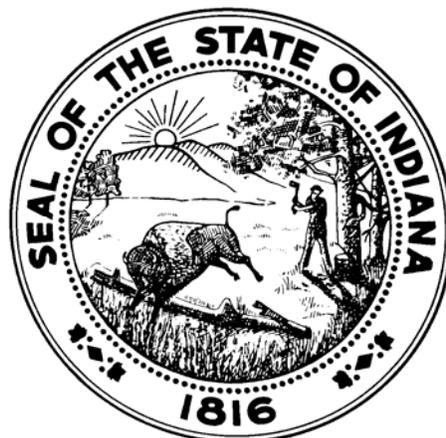
EXAMINATION REPORT

OF

ANDERSON TOWNSHIP REGIONAL SEWER DISTRICT

RUSH COUNTY, INDIANA

January 1, 2002 to December 31, 2005



FILED
09/21/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Assistant Treasurer/Bookkeeper	Veronica Roberts	01-01-02 to 12-31-06
Treasurer	Charles R. Merrell Christopher R. Philpot	01-01-02 to 09-11-03 09-12-03 to 12-31-06
President of the Board	Craig Solmon	01-01-02 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE ANDERSON TOWNSHIP REGIONAL
SEWER DISTRICT, RUSH COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Anderson Township Regional Sewer District (District), for the period of January 1, 2002 to December 31, 2005. The District's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the District for the years ended December 31, 2002, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 1, 2006

ANDERSON TOWNSHIP REGIONAL SEWER DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2002, 2003, 2004, And 2005

	Cash and Investments 01-01-02	Receipts	Disbursements	Cash and Investments 12-31-02
Proprietary Funds:				
Water Utility - Operating	\$ 200,946	\$ 107,040	\$ 59,160	\$ 248,826
Water Utility - Customer Deposit	5,400	2,380	1,630	6,150
Wastewater Utility - Operating	<u>154,634</u>	<u>68,085</u>	<u>79,238</u>	<u>143,481</u>
Totals	<u>\$ 360,980</u>	<u>\$ 177,505</u>	<u>\$ 140,028</u>	<u>\$ 398,457</u>

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Proprietary Funds:				
Water Utility - Operating	\$ 248,826	\$ 99,228	\$ 141,315	\$ 206,739
Water Utility - Bond and Interest	-	10,000	10,000	-
Water Utility - Debt Service Reserve	-	2,000	-	2,000
Water Utility - Customer Deposit	6,150	800	700	6,250
Wastewater Utility - Operating	143,481	154,552	148,505	149,528
Wastewater Utility - Bond and Interest	-	15,000	15,000	-
Wastewater Utility - Debt Service Reserve	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Totals	<u>\$ 398,457</u>	<u>\$ 284,580</u>	<u>\$ 315,520</u>	<u>\$ 367,517</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Proprietary Funds:				
Water Utility - Operating	\$ 206,739	\$ 99,568	\$ 66,971	\$ 239,336
Water Utility - Bond and Interest	-	10,000	-	10,000
Water Utility - Debt Service Reserve	2,000	2,000	-	4,000
Water Utility - Customer Deposit	6,250	1,650	1,150	6,750
Wastewater Utility - Operating	149,528	67,527	96,417	120,638
Wastewater Utility - Bond and Interest	-	15,000	-	15,000
Wastewater Utility - Debt Service Reserve	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>6,000</u>
Totals	<u>\$ 367,517</u>	<u>\$ 198,745</u>	<u>\$ 164,538</u>	<u>\$ 401,724</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Proprietary Funds:				
Water Utility - Operating	\$ 239,336	\$ 98,470	\$ 114,142	\$ 223,664
Water Utility - Bond and Interest	10,000	10,000	20,000	-
Water Utility - Debt Service Reserve	4,000	2,000	-	6,000
Water Utility - Customer Deposit	6,750	1,000	900	6,850
Wastewater Utility - Operating	120,638	96,919	108,226	109,331
Wastewater Utility - Bond and Interest	15,000	15,000	30,000	-
Wastewater Utility - Debt Service Reserve	<u>6,000</u>	<u>3,000</u>	<u>-</u>	<u>9,000</u>
Totals	<u>\$ 401,724</u>	<u>\$ 226,389</u>	<u>\$ 273,268</u>	<u>\$ 354,845</u>

The accompanying notes are an integral part of the schedules.

ANDERSON TOWNSHIP REGIONAL SEWER DISTRICT
NOTES TO SCHEDULES

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides water and wastewater utility services.

Note 2. Fund Accounting

The District uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes the District to invest in securities including, but not limited to, 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. Long-Term Debt

The District has issued revenue bonds for refinancing the cost of construction of certain additions, extensions, and improvements to the Water Utility and the Wastewater Utility. The outstanding principal at December 31, 2005, was \$170,000 and \$255,000, respectively.

ANDERSON TOWNSHIP REGIONAL SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS

ERRORS ON CLAIMS

The following deficiency was noted on claims during the audit period:

- (1) Not all claims were adequately itemized.

Indiana Code 5-11-10-1.6 states, in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

LOAN FROM WATER UTILITY

A loan of \$60,000 was made in 2003, and an additional loan of \$30,000 was made in 2005 from the Water Utility Operating Fund to the Wastewater Utility Operating Fund. Board approval was documented in the minutes for the \$60,000 loan made in 2003 only. An anticipated repayment date for either of these loans has not been determined. A cash reserve fund has not been established in either utility.

Indiana Code 8-1.5-3-11(f) states: "A cash reserve fund, if authorized by ordinance, may be used to make loans to another utility owned by the same municipality, for periods not to exceed five (5) years, at any interest rate. The repayment of the loan and interest shall be returned to the cash reserve fund."

ANDERSON TOWNSHIP REGIONAL SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

OFFICIAL BOND

The following official bonds were not filed in the Office of the County Recorder:

Charles R. Merrell, Treasurer, Term 01-01-03 to 12-31-03
Christopher R. Philpot, Treasurer, Term 10-09-04 to 10-09-05
Christopher R. Philpot, Treasurer, Term 10-09-05 to 10-09-06

In addition, no bond was obtained for the period 01-01-02 to 12-31-02.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

CAPITAL ASSET RECORDS

The Utilities do not maintain sufficiently detailed records of capital assets for Utility Plant in Service accounts.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Page 16-22)

ANDERSON TOWNSHIP REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on August 1, 2006, with Craig Solmon, President of the Board; Christopher R. Philpot, Treasurer; Joe Christmas, Utility Superintendent; Veronica Roberts, Assistant Treasurer/ Bookkeeper; and Janet Christmas, Office Assistant. The officials concurred with our findings.