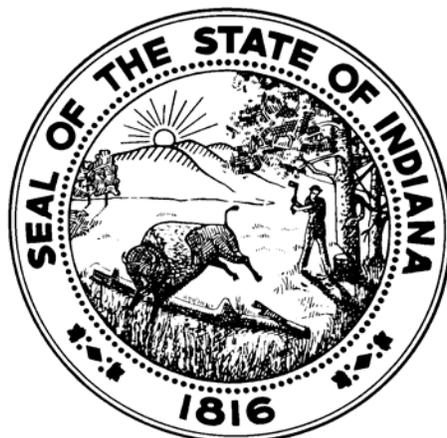


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF

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

January 1, 2004 to December 31, 2005



FILED
02/28/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information.....	5
Examination Results and Comments:	
Rates and Charges	6
Optical Images of Warrants	6
Exit Conference	7

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Leland G. Jackson Matthew W. Bosma	01-01-04 to 01-31-04 02-01-04 to 12-31-07
President of the Board of Trustees	Leland G. Jackson Gary Maas	01-01-04 to 01-31-04 02-01-04 to 12-31-07



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Telegraph Hill - Rykers Ridge Regional Sewer District (District), for the period of January 1, 2004 to December 31, 2005. The District's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above present fairly, in all material respects, the financial information of the District for the years ended December 31, 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

February 1, 2007

TELEGRAPH HILL - RYKERS RIDGE 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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Proprietary Funds:				
Operating Cash Phase 1 and 2	\$ 58,208	\$ 215,844	\$ 218,965	\$ 55,087
Operating Cash Phase 3	26,473	194,366	220,780	59
Operating Investment	22,732	-	-	22,732
Debt Service Reserve Cash and Cash Equivalents	30,387	2,026	-	32,413
Bond and Interest Cash Phase 1 and 2	3,000	36,000	36,000	3,000
Bond and Interest Cash Phase 3	10,998	38,400	39,798	9,600
Improvement Cash and Cash Equivalents	43,262	28,766	-	72,028
Retainage Cash Phase 3	35,635	64	35,699	-
Cash on Hand	100	-	-	100
Totals	<u>\$ 230,795</u>	<u>\$ 515,466</u>	<u>\$ 551,242</u>	<u>\$ 195,019</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Proprietary Funds:				
Operating Cash Phase 1 and 2	\$ 55,087	\$ 224,063	\$ 243,062	\$ 36,088
Operating Cash Phase 3	59	123,425	110,140	13,344
Operating Investment	22,732	-	-	22,732
Debt Service Reserve Cash and Cash Equivalents	32,413	2,158	-	34,571
Bond and Interest Cash Phase 1 and 2	3,000	33,000	33,000	3,000
Bond and Interest Cash Phase 3	9,600	19,200	28,800	-
Improvement Cash and Cash Equivalents	72,028	29,301	-	101,329
Cash on Hand	100	-	-	100
Totals	<u>\$ 195,019</u>	<u>\$ 431,147</u>	<u>\$ 415,002</u>	<u>\$ 211,164</u>

The accompanying notes are an integral part of the schedules.

TELEGRAPH HILL - RYKERS RIDGE REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides wastewater service.

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 had issued bonds for the construction of its wastewater system. The outstanding principal at December 31, 2005, was \$942,600.

TELEGRAPH HILL - RYKERS RIDGE REGIONAL SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS

RATES AND CHARGES

Ordinance 2003-2 and 2003-4 provide for the sewage works rates and charges to be based on actual water consumption unless accurate water meter readings are not available. If accurate water meter readings are not available the ordinances state in part: ". . . the monthly charge shall be determined as an average of single family dwelling units . . ." As of June 1, 2005, all of the customers of the District had been given the opportunity of being billed the average of their water bill usage or their wastewater bill will be calculated on the district average. Ordinance 2003-2 and 2003-4 should be amended to reflect their new billing practices.

Indiana Code 13-26-11-8 states in part: "The board shall, by ordinance, establish . . . rates or charges for the use of and the service provided by a works. . . . The board may periodically change and readjust the rates or charges as provided by this article. "

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

OPTICAL IMAGES OF WARRANTS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3 concerning optical imaging of checks states, in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Further, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

TELEGRAPH HILL - RYKERS RIDGE REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on February 1, 2007, with Matthew W. Bosma, Treasurer; Brenda S. Cornelius, contractual Bookkeeper; and Spencer J. Schnaiter, District Attorney.