

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

AUDIT REPORT

OF

ST. JOSEPH RIVER BASIN COMMISSION

ST. JOSEPH COUNTY, INDIANA

July 1, 2004 to June 30, 2006



FILED
07/06/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Sandra Seanor	01-01-04 to 12-31-07
Secretary/Treasurer	John J. Dillon Paula Reinhold	07-01-04 to 12-31-05 01-01-06 to 12-31-07
Chairperson of the Commission	Michael P. Keleman Karl Kopec Ron Niezgodski	01-01-04 to 12-31-04 01-01-05 to 12-31-05 01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE ST. JOSEPH RIVER BASIN COMMISSION, ST. JOSEPH COUNTY, INDIANA

We have audited the accompanying financial statements of the business-type activities of the St. Joseph River Basin Commission, as of and for the years ended June 30, 2005 and 2006. These financial statements are the responsibility of the River Basin Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the River Basin Commission as of June 30, 2005 and 2006, and the respective changes in financial position and cash flows, where applicable, thereof and for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

STATE BOARD OF ACCOUNTS

June 12, 2007

ST. JOSEPH RIVER BASIN COMMISSION
STATEMENT OF NET ASSETS
June 30, 2005 And 2006

	2005	2006
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 109,555	\$ 113,063
 <u>Liabilities</u>		
Current liabilities:		
Accounts payable	11,918	7,657
 <u>Net Assets</u>		
Unrestricted	97,637	105,406
Total net assets	<u>\$ 97,637</u>	<u>\$ 105,406</u>

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

ST. JOSEPH RIVER BASIN COMMISSION
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN FUND NET ASSETS
As Of And For The Years Ended June 30, 2005 And 2006

	2005	2006
Operating revenues:		
State grant	\$ 70,029	\$ 65,124
Local government	12,875	7,375
Other	900	-
Total operating revenues	83,804	72,499
Operating expenses:		
Contractual services - administration	65,711	66,384
Legal fees	1,400	1,490
Other	100	-
Total operating expenses	67,211	67,874
Operating income	16,593	4,625
Nonoperating revenues:		
Interest and investment revenue	1,318	3,144
Change in net assets	17,911	7,769
Total net assets - beginning	79,726	97,637
Total net assets - ending	\$ 97,637	\$ 105,406

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

ST. JOSEPH RIVER BASIN COMMISSION
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
As Of And For The Years Ended June 30, 2005 And 2006

	2005	2006
Cash flows from operating activities:		
Receipts from state and local government	\$ 83,804	\$ 72,499
Payments to suppliers and contractors	(66,335)	(72,135)
Net cash provided by operating activities	17,469	364
Cash flows from investing activities:		
Interest received	1,318	3,144
Net increase in cash and cash equivalents	18,787	3,508
Cash and cash equivalents, July 1	90,768	109,555
Cash and cash equivalents, June 30	\$ 109,555	\$ 113,063
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 16,593	\$ 4,625
Adjustments to reconcile operating income to net cash provided by operating activities:		
Increase (decrease) in liabilities:		
Accounts payable	876	(4,261)
Net cash provided by operating activities	\$ 17,469	\$ 364

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

ST. JOSEPH RIVER BASIN COMMISSION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The St. Joseph River Basin Commission was established under the laws of the State of Indiana. The District operates under an elected Board of Commissioners form of government and provides the following services: water treatment, wastewater treatment, and general administrative services.

The accompanying financial statements present the activities of the River Basin Commission. There are no significant component units which require inclusion.

B. Fund Financial Statements

Business-type activity financial statements consist of the Statement of Net Assets; Statement of Revenues, Expenses, and Other Changes in Fund Net Assets; and the Statement of Cash Flows. Business-type activities rely to a significant extent on fees and charges for support.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounts of the business-type activity are maintained and the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues from nonoperating items. The principal operating revenues of this enterprise fund are state grants and local government contributions. Operating expenses for this enterprise fund include administrative expenses and legal fees. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The District's cash and cash equivalents are considered to be demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

ST. JOSEPH RIVER BASIN COMMISSION
NOTES TO FINANCIAL STATEMENTS

State statute (IC 5-13-9) authorizes the River Basin Commission 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.

II. Detailed Notes on All Funds

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.

III. Other Information

Risk Management

The River Basin Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

ST. JOSEPH RIVER BASIN COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on June 12, 2007, with Sandra Seanor, Executive Director; and Debbie Gardner, Fiscal Accounting Coordinator. Our audit disclosed no material items that warrant comment at this time.