

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

EXAMINATION REPORT  
OF  
NORTHWEST JASPER REGIONAL DISTRICT  
JASPER COUNTY, INDIANA  
January 1, 2008 to December 31, 2010



**FILED**  
05/11/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Donald E. Goetz	01-01-08 to 12-31-11
President of the Board	Kenneth L. Pearman	01-01-08 to 12-31-11



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Northwest Jasper Regional District (District), for the period of January 1, 2008 to December 31, 2010. 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 presents fairly, in all material respects, the financial information of the District for the years ended December 31, 2008, 2009, and 2010, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

April 5, 2011

NORTHWEST JASPER REGIONAL DISTRICT  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL PROPRIETARY FUND TYPES  
As Of And For The Years Ended December 31, 2008, 2009, And 2010

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Proprietary Funds:				
Water Utility - Meter Fees	\$ -	\$ 18,930	\$ -	\$ 18,930
Water Utility - Construction	-	170,002	160,703	9,299
Totals	<u>\$ -</u>	<u>\$ 188,932</u>	<u>\$ 160,703</u>	<u>\$ 28,229</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Proprietary Funds:				
Water Utility - Meter Fees	\$ 18,930	\$ 19,960	\$ -	\$ 38,890
Water Utility - Construction	9,299	324,896	330,486	3,709
Totals	<u>\$ 28,229</u>	<u>\$ 344,856</u>	<u>\$ 330,486</u>	<u>\$ 42,599</u>
	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Proprietary Funds:				
Water Utility - Meter Fees	\$ 38,890	\$ 245,229	\$ -	\$ 284,119
Water Utility - Tap Fees	-	17,006	8	16,998
Water Utility - Construction	3,709	165,012	166,575	2,146
Totals	<u>\$ 42,599</u>	<u>\$ 427,247</u>	<u>\$ 166,583</u>	<u>\$ 303,263</u>

The accompanying notes are an integral part of the financial information.

NORTHWEST JASPER REGIONAL DISTRICT  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides water to the patrons of the District.

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.

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. Subsequent Event

The District is taking bids for a Water Utility project which is scheduled to begin in the spring of 2011. The estimated cost of the project is \$12,875,000. Financing will be provided by a \$3,619,000 Rural Development grant along with the issuance of \$9,256,000 in waterworks revenue bonds.

NORTHWEST JASPER REGIONAL DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2010

The District has entered into the following debt:

Description of Debt	Ending Principal Balance
Business-type activities:	
Water Utility:	
Loans:	
Loans from Town of DeMotte	\$ 226,404
Revenue bonds:	
Bond Anticipation Notes	659,883
 Total Water Utility	 886,287

NORTHWEST JASPER REGIONAL DISTRICT  
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination.

IC 5-13-6-1(e) states in part:

"All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

CONFLICT OF INTEREST

One Board member of Northwest Jasper Regional District (District) was a key employee of a business which had a contract with the District. No Uniform Conflict of Interest Disclosure was presented for examination.

IC 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony. . . ."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant. . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6)."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase. . . ."

NORTHWEST JASPER REGIONAL DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant. . . ."

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-9-2-2) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (2) of whose support is provided during a year by the public servant."

CAPITAL ASSET RECORDS

The District does not maintain sufficient detailed records of capital assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use, Form 319 (Simplified Cash Journal Water Utility), Form 301 (Municipal Water Utility Accounts Payable Voucher) and Form 369 (Capital Assets Ledger).

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 21)

NORTHWEST JASPER REGIONAL DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on April 5, 2011, with Donald E. Goetz, Treasurer.  
The official concurred with our findings.