

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

FINANCIAL STATEMENT EXAMINATION REPORT
OF
JEFFERSON TOWNSHIP REGIONAL SEWER DISTRICT
PIKE COUNTY, INDIANA
January 1, 2008 to December 31, 2010



FILED
11/29/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Janet Gray	01-01-08 to 12-31-11
President of the Board	David Roach	01-01-08 to 12-31-11



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF JEFFERSON TOWNSHIP REGIONAL
SEWER DISTRICT, PIKE COUNTY, INDIANA

We have examined the financial statements of Jefferson Township Regional Sewer District (District), for the period of January 1, 2008 to December 31, 2010. The District's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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 noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the District for the years ended December 31, 2008, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis for the years ended December 31, 2009 and 2010, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them. The Combining Schedule of Receipts, Disbursements, and Cash and Investments Balances – Regulatory Basis was not presented for the year ended December 31, 2008.

This report is intended solely for the information and use of the District's management, the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

October 17, 2011

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FINANCIAL STATEMENTS

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

JEFFERSON TOWNSHIP REGIONAL SEWER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2008

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Operating	\$ 31,635	\$ 98,817	\$ 104,419	\$ 26,033
Bond & Interest	46,611	32,410	32,269	46,752
Wastewater Utility-Improvement	111,674	-	-	111,674
Debt Reserve	18,383	1,464	-	19,847
Totals	<u>\$ 208,303</u>	<u>\$ 132,691</u>	<u>\$ 136,688</u>	<u>\$ 204,306</u>

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

JEFFERSON TOWNSHIP REGIONAL SEWER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Operating	\$ 26,033	\$ 111,935	\$ 115,900	\$ 22,068
Bond & Interest	46,752	32,536	32,701	46,587
Wastewater Utility-Improvement	111,674	-	-	111,674
Debt Reserve	19,847	486	-	20,333
Totals	<u>\$ 204,306</u>	<u>\$ 144,957</u>	<u>\$ 148,601</u>	<u>\$ 200,662</u>

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

JEFFERSON TOWNSHIP REGIONAL SEWER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Operating	\$ 22,068	\$ 109,829	\$ 112,664	\$ 19,233
Bond & Interest	46,587	32,342	32,105	46,824
Wastewater Utility Improvement	111,674	-	-	111,674
Debt Reserve	20,333	-	-	20,333
Totals	<u>\$ 200,662</u>	<u>\$ 142,171</u>	<u>\$ 144,769</u>	<u>\$ 198,064</u>

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

JEFFERSON TOWNSHIP REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS

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 an elected governing board.

The accompanying financial statements present the financial information for the District (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the 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. Receipts are recorded when received and disbursements are recorded when paid.

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 statements. The aggregate receipts may include, but are not limited to, the following sources:

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are 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 statements. The aggregate disbursements may include, but are not limited to, the following uses:

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Utility operating expenses which include all outflows for operating the utilities.

JEFFERSON TOWNSHIP REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Other disbursements which include, but are 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, transfer money 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 money 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 money 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, 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 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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the District by recording as a disbursement and replacement items purchased.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District's Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the District which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the District. It is presented as intended by the District.

JEFFERSON TOWNSHIP REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	Operating	Bond & Interest	Wastewater Utility-Improvement	Debt Reserve	Totals
Cash and investments - beginning	\$ 26,033	\$ 46,752	\$ 111,674	\$ 19,847	\$ 204,306
Receipts:					
Utility fees	109,019	-	-	-	109,019
Other receipts	<u>2,916</u>	<u>32,536</u>	-	<u>486</u>	<u>35,938</u>
Total receipts	<u>111,935</u>	<u>32,536</u>	-	<u>486</u>	<u>144,957</u>
Disbursements:					
Debt service - principal and interest	-	32,695	-	-	32,695
Utility operating expenses	83,364	-	-	-	83,364
Other disbursements	<u>32,536</u>	<u>6</u>	-	-	<u>32,542</u>
Total disbursements	<u>115,900</u>	<u>32,701</u>	-	-	<u>148,601</u>
Excess (deficiency) of receipts over disbursements	<u>(3,965)</u>	<u>(165)</u>	-	<u>486</u>	<u>(3,644)</u>
Cash and investments - ending	<u>\$ 22,068</u>	<u>\$ 46,587</u>	<u>\$ 111,674</u>	<u>\$ 20,333</u>	<u>\$ 200,662</u>

JEFFERSON TOWNSHIP REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	Operating	Bond & Interest	Wastewater Utility Improvement	Debt Reserve	Totals
Cash and investments - beginning	\$ 22,068	\$ 46,587	\$ 111,674	\$ 20,333	\$ 200,662
Receipts:					
Utility fees	108,610	-	-	-	108,610
Other receipts	1,219	32,342	-	-	33,561
Total receipts	109,829	32,342	-	-	142,171
Disbursements:					
Debt service - principal and interest	-	32,099	-	-	32,099
Utility operating expenses	80,322	-	-	-	80,322
Other disbursements	32,342	6	-	-	32,348
Total disbursements	112,664	32,105	-	-	144,769
Excess (deficiency) of receipts over disbursements	(2,835)	237	-	-	(2,598)
Cash and investments - ending	\$ 19,233	\$ 46,824	\$ 111,674	\$ 20,333	\$ 198,064

JEFFERSON TOWNSHIP REGIONAL SEWER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 Decemeber 31, 2010

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Sewer District:	
Capital assets:	
Land	\$ 55,214
Improvements other than buildings	1,580,932
Machinery and equipment	<u>78,880</u>
Total Sewer District capital assets	<u>\$ 1,715,026</u>

JEFFERSON TOWNSHIP REGIONAL SEWER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The Sewer District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal Due Within One Year
Sewer District :		
Revenue bonds:		
Construction of Sewage Lines, Pumping Stations and Lagoon Treatment Systems	\$ 336,000	\$ 11,000

JEFFERSON TOWNSHIP REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 17, 2011, with Robin Whaley, Office Manager. Our examination disclosed no material items that warrant comment at this time.