

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

EXAMINATION REPORT
OF
CLAY TOWNSHIP REGIONAL WASTE DISTRICT
HAMILTON COUNTY, INDIANA
January 1, 2009 to December 31, 2010



FILED
11/29/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Andrew Williams	01-01-09 to 12-31-11
Treasurer	Michael Claytor Michael McDonald Greg Starleaf	01-01-09 to 04-12-09 04-13-09 to 12-31-09 01-01-10 to 12-31-11
President of the Board	Ronald Houck Marilyn Anderson	01-01-09 to 12-31-09 01-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CLAY TOWNSHIP REGIONAL
WASTE DISTRICT, HAMILTON COUNTY, INDIANA

We have examined the accompanying financial statements of the business-type activities of the Clay Township Regional Waste District (District), as of and for the years ended December 31, 2009 and 2010. The District's management is responsible for the financial statements 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 statement 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 statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of December 31, 2009 and 2010, 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.

The District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

STATE BOARD OF ACCOUNTS

September 22, 2011

CLAY TOWNSHIP REGIONAL WASTE DISTRICT
STATEMENT OF NET ASSETS
December 31, 2009 and 2010

<u>Assets</u>	<u>2009</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 2,796,091	\$ 2,923,519
Investments	2,105,000	1,321,000
Interest receivable	170,665	106,875
Accounts receivable (net of allowance)	414,058	408,612
Invoiced receivables	177,695	74,740
Liens receivable	64,265	66,505
Notes receivable	599,678	510,892
Inventories	24,309	43,763
Prepaid items	20,899	22,851
Total current assets	<u>6,372,660</u>	<u>5,478,757</u>
Current assets - restricted:		
Cash and cash equivalents:	6,362,908	3,558,236
Investments	3,945,000	7,179,000
Total restricted assets:	<u>10,307,908</u>	<u>10,737,236</u>
Capital assets:		
Land, improvements to land and construction in progress	946,311	1,238,423
Other capital assets (net of accumulated depreciation)	91,176,307	91,908,025
Total capital assets	<u>92,122,618</u>	<u>93,146,448</u>
Total noncurrent assets	<u>102,430,526</u>	<u>103,883,684</u>
Total assets	<u>108,803,186</u>	<u>109,362,441</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	419,384	384,097
Invoiced payable	100,402	60,686
Accrued wages and withholdings payable	18,059	33,873
Compensated absences	74,989	73,162
Total current liabilities	<u>612,834</u>	<u>551,818</u>
Noncurrent liabilities:		
Deferred credits	218,929	218,929
Total noncurrent liabilities	<u>218,929</u>	<u>218,929</u>
Total liabilities	<u>831,763</u>	<u>770,747</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	92,122,618	93,146,448
Restricted	10,307,908	10,737,236
Unrestricted	5,540,897	4,708,010
Total net assets	<u>\$ 107,971,423</u>	<u>\$ 108,591,694</u>

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

CLAY TOWNSHIP REGIONAL WASTE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS
As Of And For The Years Ended December 31, 2009 and 2010

	<u>2009</u>	<u>2010</u>
Operating revenues:		
Residential sales	\$ 3,001,099	\$ 3,026,183
Commercial sales	1,452,640	1,540,109
Other	<u>119,961</u>	<u>117,840</u>
Total operating revenues	<u>4,573,700</u>	<u>4,684,132</u>
Operating expenses:		
Wastewater - operations and maintenance:		
Salaries and wages	1,076,646	1,114,905
Purchased Power	293,818	282,138
Repairs and maintenance	449,950	433,371
Materials and supplies	83,527	74,986
Contractual services	147,534	132,953
Transportation expenses	25,758	27,301
Treatment and disposal:		
Purchased wastewater treatment	763,278	767,858
Customer accounts:		
Contractual services	205,452	130,931
Administration and general:		
Office expense	36,338	40,740
Insurance expense	78,216	87,136
Employee pension and benefits	461,018	511,242
Contractual services	121,954	102,218
Other	134,492	174,900
Depreciation	<u>2,553,060</u>	<u>2,621,531</u>
Total operating expenses	<u>6,431,041</u>	<u>6,502,210</u>
Operating income	<u>(1,857,341)</u>	<u>(1,818,078)</u>
Nonoperating revenues (expenses):		
Interest and investment revenue	557,677	343,716
Miscellaneous revenue	23,704	27,897
Gain on sale of assets	<u>-</u>	<u>150</u>
Total nonoperating revenues (expenses)	<u>581,381</u>	<u>371,763</u>
Income before contributions	(1,275,960)	(1,446,315)
Capital contributions	<u>1,524,428</u>	<u>2,066,586</u>
Change in net assets	248,468	620,271
Total net assets - beginning as previously stated	107,968,295	107,971,423
Prior period adjustment (see Note II.E)	<u>(245,340)</u>	<u>-</u>
Total net assets - beginning restated	<u>107,722,955</u>	<u>107,971,423</u>
Total net assets - ending	<u>\$ 107,971,423</u>	<u>\$ 108,591,694</u>

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

CLAY TOWNSHIP REGIONAL WASTE DISTRICT
STATEMENT OF CASH FLOWS
As Of And For The Year Ended December 31, 2009 and 2010

	<u>2009</u>	<u>2010</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 4,465,376	\$ 4,879,079
Payments to suppliers and contractors	(2,216,116)	(2,350,942)
Payments to employees	(1,540,238)	(1,612,159)
Other receipts	<u>23,704</u>	<u>28,047</u>
Net cash provided by operating activities	<u>732,726</u>	<u>944,025</u>
Cash flows from capital and related financing activities:		
Capital contributions	1,022,276	951,886
Acquisition and construction of capital assets	<u>(1,401,609)</u>	<u>(2,530,661)</u>
Net cash used by capital and related financing activities	<u>(379,333)</u>	<u>(1,578,775)</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	14,285,000	6,050,000
Purchase of investments	(6,635,000)	(8,500,000)
Interest received	<u>540,739</u>	<u>407,506</u>
Net cash provided (used) by investing activities	<u>8,190,739</u>	<u>(2,042,494)</u>
Net increase in cash and cash equivalents	8,544,132	(2,677,244)
Cash and cash equivalents, January 1	<u>614,867</u>	<u>9,158,999</u>
Cash and cash equivalents, December 31	<u>\$ 9,158,999</u>	<u>\$ 6,481,755</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income	<u>\$ (1,857,341)</u>	<u>\$ (1,818,078)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	2,553,060	2,621,531
Nonoperating income	23,704	28,047
(Increase) decrease in assets:		
Accounts receivable	(55,787)	5,446
Invoiced receivable	10,853	102,955
Notes receivable	(97,263)	88,786
Liens receivable	33,873	(2,240)
Inventories	21,971	(19,454)
Prepays	887	(1,952)
Increase (decrease) in liabilities:		
Accounts payable	146,952	(35,287)
Invoiced payable	(45,609)	(39,716)
Wages payable	(13,047)	15,814
Compensated absences payable	<u>10,473</u>	<u>(1,827)</u>
Total adjustments	<u>2,590,067</u>	<u>2,762,103</u>
Net cash provided by operating activities	<u>\$ 732,726</u>	<u>\$ 944,025</u>
Noncash investing, capital and financing activities:		
Contributions of capital assets	\$ 502,152	\$ 1,114,700

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

CLAY TOWNSHIP REGIONAL WASTE DISTRICT
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Clay Township Regional Waste District (District) was created under the laws of the State of Indiana. The District operates under an appointed form of government and provides the following services: wastewater treatment and general administrative services.

The accompanying financial statements present the activities of the District. 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 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

When both restricted and unrestricted resources are available for use, the District's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

CLAY TOWNSHIP REGIONAL WASTE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Money market investments that mature within one year or less at the date of their acquisition are reported at amortized cost. Other money market investments are reported at fair value.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

2. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

3. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the financial statements.

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.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ 1	N/A	N/A
Buildings	2,000	Straight-line	25 years
Lift Stations	2,000	Straight-line	15 to 25 years
Wastewater distribution and collection systems	2,000	Straight-line	50 years
Furniture and fixtures	2,000	Straight-line	5 to 20 years
Transportation and portable equipment	2,000	Straight-line	5 to 7 years

N/A = Not applicable

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

CLAY TOWNSHIP REGIONAL WASTE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest expense incurred by the District during 2010 and 2009.

4. Compensated Absences

Personal Leave – District employees earn personal leave at the rate of 24 days to 29 days per year based upon the number of years of service. Unused personal leave may be accumulated to a maximum of 30 days. Accumulated personal leave is paid to employees through cash payments upon leaving employment.

5. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

II. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The District does not have a deposit policy for custodial credit risk. At December 31, 2009 and 2010, the District had deposit balances in the amount of \$9,158,999 and \$6,481,755, respectively.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

As of December 31, 2009 and 2010, the District had the following investments:

Investment Type	12-31-10 Market Value	12-31-09 Market Value
Certificates of Deposit	\$ 8,500,000	\$ 6,050,000

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the District to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal

CLAY TOWNSHIP REGIONAL WASTE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

government sponsored enterprise. Indiana Code also authorizes the District to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the District and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the District may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the District's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District has a formal investment policy that places safety of the principal as the primary goal. As a result, all of the investments have been in the form of certificates of deposit at approved public depositories. These depositories are insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Since the District's primary investment objective is the safety of the principal, there have not been any investments in U.S. treasuries or securities that could be affected by changes in interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a formal investment policy for credit risk for investments.

CLAY TOWNSHIP REGIONAL WASTE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

B. Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 524,590	\$ -	\$ -	\$ 524,590
Construction in progress	421,721	633,478	341,366	713,833
Total capital assets, not being depreciated	946,311	633,478	341,366	1,238,423
Capital assets, being depreciated:				
Buildings	17,402,194	387,717	-	17,789,911
Lift stations	7,037,499	1,376,037	-	8,413,536
Distribution and collection systems	81,757,343	1,276,214	-	83,033,557
Furniture and fixtures	396,076	201,871	-	597,947
Transportation and equipment	764,988	111,410	-	876,398
Totals	107,358,100	3,353,249	-	110,711,349
Less accumulation depreciation for:				
Buildings	2,977,673	478,561	-	3,456,234
Lift stations	1,763,711	205,486	-	1,969,197
Distribution and collection systems	10,615,220	1,812,974	-	12,428,194
Furniture and fixtures	234,374	51,549	-	285,923
Transportation and equipment	590,815	72,961	-	663,776
Totals	16,181,793	2,621,531	-	18,803,324
Total capital assets, being depreciated, net	91,176,307	731,718	-	91,908,025
Total capital assets, net	92,122,618	1,365,196	341,366	93,146,448

CLAY TOWNSHIP REGIONAL WASTE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Capital asset activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 524,590	\$ -	\$ -	\$ 524,590
Construction in progress	<u>688,730</u>	<u>742,076</u>	<u>1,009,085</u>	<u>421,721</u>
Total capital assets, not being depreciated	<u>1,213,320</u>	<u>742,076</u>	<u>1,009,085</u>	<u>946,311</u>
Capital assets, being depreciated:				
Buildings	17,168,329	234,652	787	17,402,194
Lift stations	6,853,201	184,298	-	7,037,499
Distribution and collection systems	80,091,437	1,665,906	-	81,757,343
Furniture and fixtures	347,585	48,491	-	396,076
Transportation and equipment	<u>726,777</u>	<u>38,211</u>	<u>-</u>	<u>764,988</u>
Totals	<u>105,187,329</u>	<u>2,171,558</u>	<u>787</u>	<u>107,358,100</u>
Less accumulation depreciation for:				
Buildings	2,514,947	462,726	-	2,977,673
Lift stations	1,569,858	193,853	-	1,763,711
Distribution and collection systems	8,835,631	1,779,589	-	10,615,220
Furniture and fixtures	186,956	47,418	-	234,374
Transportation and equipment	<u>521,341</u>	<u>69,474</u>	<u>-</u>	<u>590,815</u>
Totals	<u>13,628,733</u>	<u>2,553,060</u>	<u>-</u>	<u>16,181,793</u>
Total capital assets, being depreciated, net	<u>91,558,596</u>	<u>(381,502)</u>	<u>787</u>	<u>91,176,307</u>
Total capital assets, net	<u><u>92,771,916</u></u>	<u><u>360,574</u></u>	<u><u>1,009,872</u></u>	<u><u>92,122,618</u></u>

Depreciation expense was charged to functions/programs of the District as follows:

	<u>2009</u>	<u>2010</u>
Wastewater	<u>\$ 2,553,060</u>	<u>\$ 2,621,531</u>

CLAY TOWNSHIP REGIONAL WASTE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Construction Commitments

Construction work in progress is composed of the following:

Project	Amount Authorized	Expended to December 31, 2010	Committed
Plant preliminary design	\$ 76,221	\$ 76,221	\$ -
Clarifier #5	1,086,867	535,743	551,124
Crooked stick sewers	194,474	97,735	96,739
Towne oak estates sewers	4,134	4,134	-
Totals	\$ 1,361,696	\$ 713,833	\$ 647,863

D. Restricted Assets

The balances of restricted asset accounts in the enterprise funds are as follows:

	2010	2009
Cash and cash equivalents:		
Improvement fund	\$ 2,823,892	\$ 3,968,880
Construction fund	42,782	62,749
Operating reserve fund	129,150	1,747,600
Reserve for replacement fund	562,412	583,679
Totals	3,558,236	6,362,908
Investments:		
Improvement fund	2,700,000	1,440,000
Construction fund	-	-
Operating reserve fund	1,979,000	344,000
Reserve for replacement fund	2,500,000	2,161,000
Totals	7,179,000	3,945,000
Total restricted assets	\$ 10,737,236	\$ 10,307,908

CLAY TOWNSHIP REGIONAL WASTE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Prior Period Adjustment

For the year ended December 31, 2009, certain changes have been made to the financial statements to more appropriately reflect the financial activity of the District. Asset disposals were not consistently accounted for, resulting in the understating of accumulated depreciation and construction in progress. This restatement only affects the beginning balance of the Statement of Revenues, Expenses, and Other Changes in Fund Net Assets. The following schedule presents a summary of restated beginning balances:

		Statement of Revenues, Expenses and Other Changes in <u>Fund Net Assets</u>
Net assets as of January 1, 2009, as previously reported	\$	107,968,295
Amounts reported in the Statement of Revenues, Expenses and Other Changes in Fund Net Assets are different because:		
Understatement of construction in progress		482
Understatement of accumulated depreciation		<u>(245,822)</u>
Net assets as of January 1, 2009, as restated	\$	<u><u>107,722,955</u></u>

III. Other Information

A. Risk Management

The District is 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 (excluding postemployment benefits); and natural disasters.

The risks of 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 (excluding postemployment benefits); 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.

B. Rate Structure

The current rate structure was approved by the District Board on October 13, 2008. The District has 12,607 customers.

CLAY TOWNSHIP REGIONAL WASTE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Pension Plan

Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The District contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the District authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (317) 233-4123

Funding Policy

PERF members are required to contribute three percent of their annual covered salary. The District is required to contribute at an actuarially determined rate; the current rate is 7.0 percent of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the PERF Board of Trustees.

Annual Pension Cost

For 2010, the District's annual pension cost of \$71,563 for PERF was equal to the District's required and actual contributions.

Actuarial Information for the Above Plan

Prior to January 1, 2008, District employees were considered employees of Clay Township, Hamilton County, for PERF reporting purposes. Effective January 1, 2008, the District elected to participate in PERF under a separate account.

CLAY TOWNSHIP REGIONAL WASTE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF
Annual required contribution	\$ 71,563
Annual pension cost	71,563
Contributions made	69,872
Increase in net pension obligation	1,691
Net pension obligation, beginning of year	-
Net pension obligation, end of year	\$ 1,691
Contribution rates:	
Government	6.30%
Plan members	3.00%
Actuarial valuation date	06-30-10
Actuarial cost method	Entry age normal cost
Amortization method	Level percent of payroll
Amortization period	30 years
Amortization period (from date)	06-30-08
Asset valuation method	4-year smoothing of gains/losses on market value

Actuarial Assumptions	PERF
Investment rate of return	7.00%
Projected future salary increases:	
Total	4.00%
Cost-of-living adjustments	1.00%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-08	*	*	*
	06-30-09	*	*	*
	06-30-10	\$ 71,563	98%	\$ 1,691

* Information not available

CLAY TOWNSHIP REGIONAL WASTE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Funded Status and Funding Progress for the Above Plan

The funded status of each plan as of June 30, 2010, the most recent actuarial valuation date is as follows:

<u>Retirement Plan</u>	<u>Actuarial Value of Plan Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>(Unfunded) Excess of Assets Over AAL (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>(Unfunded) Excess AAL as a Percentage of Covered Payroll ((b-a)/c)</u>
PERF:						
06-30-08	\$ 21,000	\$ 17,807	\$ 3,193	118%	\$ 135,864	2%
06-30-09	171,064	337,714	(166,650)	51%	1,046,738	(16%)
06-30-10	255,188	445,592	(190,404)	57%	1,108,568	(17%)

The schedule of funding progress, presented as RSI for the above plans following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CLAY TOWNSHIP REGIONAL WASTE DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
06-30-08	\$ 21,000	\$ 17,807	\$ 3,193	118%	\$ 135,864	2%
06-30-09	171,064	337,714	(166,650)	51%	1,046,738	(16%)
06-30-10	255,188	445,592	(190,404)	57%	1,108,568	(17%)

CLAY TOWNSHIP REGIONAL WASTE DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on September 22, 2011, with Andrew Williams, Director; Ronald Hansen, Controller; and Greg Starleaf, Treasurer. Our examination disclosed no material items that warrant comment at this time.