

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

FINANCIAL STATEMENTS EXAMINATION REPORT
OF

ANDERSON TOWNSHIP REGIONAL
WATER AND SEWER DISTRICT
RUSH COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
10/16/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Superintendent	Joe Christmas	01-01-10 to 12-31-12
Treasurer	Craig Duncan	01-01-10 to 12-31-12
President of the Board	Craig Solmon	01-01-10 to 12-31-12



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE ANDERSON TOWNSHIP REGIONAL WATER
AND SEWER DISTRICT, RUSH COUNTY, INDIANA

We have examined the accompanying financial statements of the Anderson Township Regional Water and Sewer District (District), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements 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, 2010 and 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the District's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, 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.

This report is intended solely for the information and use of the District's management, the District Board, and others within the entity 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

August 20, 2012

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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.

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

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Water Utility Operating	\$ 71,629	\$ 120,879	\$ 105,566	\$ 86,942
Water Utility Bond & Interest	-	10,000	10,000	-
Water Utility Customer Deposit	7,650	1,700	1,400	7,950
Wastewater Utility Operating	53,120	89,304	92,238	50,186
Wastewater Utility Bond & Interest	-	15,000	15,000	-
Water Utility Debt Reserve	10,000	-	-	10,000
Water Utility Construction	100,000	-	-	100,000
Water Utility Depreciation	100,000	-	-	100,000
Water Utility Improvement	101,644	-	1,644	100,000
Wastewater Utility Debt Reserve	15,000	-	-	15,000
Wastewater Utility Depreciation	30,000	5,000	-	35,000
Totals	<u>\$ 489,043</u>	<u>\$ 241,883</u>	<u>\$ 225,848</u>	<u>\$ 505,078</u>

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

ANDERSON TOWNSHIP REGIONAL WATER AND SEWER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Wastewater Utility Operating	\$ 50,186	\$ 86,360	\$ 86,049	\$ 50,497
Wastewater Utility Bond & Interest	-	15,000	15,000	-
Wastewater Utility Debt Reserve	15,000	172	172	15,000
Wastewater Utility Depreciation	35,000	370	370	35,000
Water Utility Operating	86,942	112,090	102,755	96,277
Water Utility Bond & Interest	-	10,000	10,000	-
Water Utility Construction	100,000	1,106	1,106	100,000
Water Utility Debt Reserve	10,000	144	144	10,000
Water Utility Depreciation	100,000	1,985	1,985	100,000
Water Utility Improvement	100,000	1,057	1,057	100,000
Water Utility Customer Deposit	7,950	2,350	1,450	8,850
Totals	<u>\$ 505,078</u>	<u>\$ 230,634</u>	<u>\$ 220,088</u>	<u>\$ 515,624</u>

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

ANDERSON TOWNSHIP REGIONAL WATER AND SEWER DISTRICT
RUSH COUNTY
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 appointed governing board.

The accompanying financial statements present the financial information for the District.

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 the following sources:

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

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: taxes, net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed.

ANDERSON TOWNSHIP REGIONAL WATER AND SEWER DISTRICT
RUSH COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

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

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.

ANDERSON TOWNSHIP REGIONAL WATER AND SEWER DISTRICT
RUSH COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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; 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.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the District's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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 approved by management of the District. It is presented as intended by the District.

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

	Water Utility Operating	Water Utility Bond & Interest	Water Utility Customer Deposit	Wastewater Utility Operating	Wastewater Utility Bond & Interest	Water Utility Debt Reserve
Cash and investments - beginning	\$ 71,629	\$ -	\$ 7,650	\$ 53,120	\$ -	\$ 10,000
Receipts:						
Utility fees	86,613	-	-	73,457	-	-
Other receipts	34,266	10,000	1,700	15,847	15,000	-
Total receipts	<u>120,879</u>	<u>10,000</u>	<u>1,700</u>	<u>89,304</u>	<u>15,000</u>	<u>-</u>
Disbursements:						
Debt service - principal and interest	10,000	-	-	15,000	-	-
Capital outlay	4,442	-	-	-	-	-
Utility operating expenses	81,124	-	-	57,237	-	-
Other disbursements	10,000	10,000	1,400	20,000	15,000	-
Total disbursements	<u>105,566</u>	<u>10,000</u>	<u>1,400</u>	<u>92,237</u>	<u>15,000</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>15,313</u>	<u>-</u>	<u>300</u>	<u>(2,933)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 86,942</u>	<u>\$ -</u>	<u>\$ 7,950</u>	<u>\$ 50,187</u>	<u>\$ -</u>	<u>\$ 10,000</u>

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

	Water Utility Construction	Water Utility Depreciation	Water Utility Improvement	Wastewater Utility Debt Reserve	Wastewater Utility Depreciation	Totals
Cash and investments - beginning	\$ 100,000	\$ 100,000	\$ 101,644	\$ 15,000	\$ 30,000	\$ 489,043
Receipts:						
Utility fees	-	-	-	-	-	160,070
Other receipts	-	-	-	-	5,000	81,813
Total receipts	-	-	-	-	5,000	241,883
Disbursements:						
Debt service - principal and interest	-	-	-	-	-	25,000
Capital outlay	-	-	-	-	-	4,442
Utility operating expenses	-	-	-	-	-	138,361
Other disbursements	-	-	1,644	-	-	58,044
Total disbursements	-	-	1,644	-	-	225,847
Excess (deficiency) of receipts over disbursements	-	-	(1,644)	-	5,000	16,036
Cash and investments - ending	\$ 100,000	\$ 100,000	\$ 100,000	\$ 15,000	\$ 35,000	\$ 505,079

ANDERSON TOWNSHIP REGIONAL WATER AND SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	Wastewater Utility Operating	Wastewater Utility Bond & Interest	Wastewater Utility Debt Reserve	Wastewater Utility Depreciation	Water Utility Operating	Water Utility Bond & Interest
Cash and investments - beginning	\$ 50,186	\$ -	\$ 15,000	\$ 35,000	\$ 86,942	\$ -
Receipts:						
Taxes	-	-	-	-	5,122	-
Utility fees	67,332	-	-	-	86,204	-
Penalties	1,672	-	-	-	3,159	-
Other receipts	17,356	15,000	172	370	17,605	10,000
Total receipts	<u>86,360</u>	<u>15,000</u>	<u>172</u>	<u>370</u>	<u>112,090</u>	<u>10,000</u>
Disbursements:						
Debt service - principal and interest	15,000	-	-	-	10,000	-
Capital outlay	-	-	-	-	6,428	-
Utility operating expenses	56,049	-	-	-	76,327	-
Other disbursements	15,000	15,000	172	370	10,000	10,000
Total disbursements	<u>86,049</u>	<u>15,000</u>	<u>172</u>	<u>370</u>	<u>102,755</u>	<u>10,000</u>
Excess of receipts over disbursements	<u>311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,335</u>	<u>-</u>
Cash and investments - ending	<u>\$ 50,497</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 35,000</u>	<u>\$ 96,277</u>	<u>\$ -</u>

ANDERSON TOWNSHIP REGIONAL WATER AND SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Water Utility Construction	Water Utility Debt Reserve	Water Utility Depreciation	Water Utility Improvement	Water Utility Customer Deposit	Totals
Cash and investments - beginning	\$ 100,000	\$ 10,000	\$ 100,000	\$ 100,000	\$ 7,950	\$ 505,078
Receipts:						
Taxes	-	-	-	-	-	5,122
Utility fees	-	-	-	-	-	153,536
Penalties	-	-	-	-	-	4,831
Other receipts	1,106	144	1,985	1,057	2,350	67,145
Total receipts	<u>1,106</u>	<u>144</u>	<u>1,985</u>	<u>1,057</u>	<u>2,350</u>	<u>230,634</u>
Disbursements:						
Debt service - principal and interest	-	-	-	-	-	25,000
Capital outlay	-	-	-	-	-	6,428
Utility operating expenses	-	-	-	-	1,450	133,826
Other disbursements	1,106	144	1,985	1,057	-	54,834
Total disbursements	<u>1,106</u>	<u>144</u>	<u>1,985</u>	<u>1,057</u>	<u>1,450</u>	<u>220,088</u>
Excess of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>900</u>	<u>10,546</u>
Cash and investments - ending	<u>\$ 100,000</u>	<u>\$ 10,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 8,850</u>	<u>\$ 515,624</u>

ANDERSON TOWNSHIP REGIONAL WATER AND SEWER DISTRICT
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2011

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ 4,704	\$ 5,638
Water	5,274	7,334
Totals	\$ 9,978	\$ 12,972

ANDERSON TOWNSHIP REGIONAL WATER AND SEWER DISTRICT
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Wastewater:			
Notes and loans payable	Utility System	\$ 164,209	\$ 15,000
Water:			
Notes and loans payable	Water Tower	110,791	10,000
Totals		<u>\$ 275,000</u>	<u>\$ 25,000</u>

ANDERSON TOWNSHIP REGIONAL WATER AND SEWER DISTRICT
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2011

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.

	Ending Balance
Wastewater:	
Land	76,025
Infrastructure	1,676,054
Buildings	13,799
Machinery, equipment and vehicles	46,866
Total Wastewater	1,812,744
Water:	
Land	24,635
Infrastructure	827,360
Buildings	250,159
Machinery, equipment and vehicles	27,903
Total Water	1,130,057
Total capital assets	\$ 2,942,801

ANDERSON TOWNSHIP REGIONAL WATER AND SEWER DISTRICT
RUSH COUNTY
EXAMINATION RESULT AND COMMENT

PAYROLL DEDUCTIONS

We noted payments made to board members for compensation without payroll deductions for taxes. This was a noncompliance issue mentioned in the prior report, No. B38099; however, no corrective action has been taken by the officials.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

ANDERSON TOWNSHIP REGIONAL WATER AND SEWER DISTRICT
RUSH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 20, 2012, with Craig Solmon, President of the Board; Craig Duncan, Treasurer; Jay Stainbrook, Vice President of the Board; Janet Christmas, Office Manager; and Joe Christmas, Superintendent. The officials concurred with our finding.