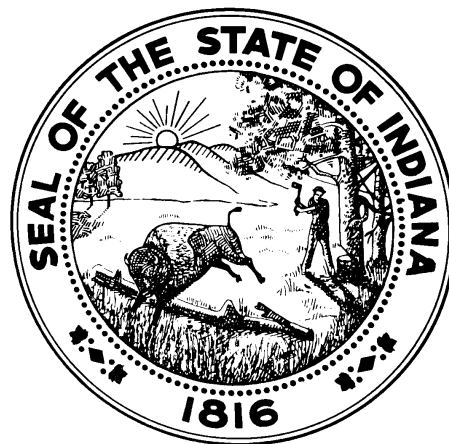


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF

TELEGRAPH HILL-RYKERS RIDGE
REGIONAL SEWER DISTRICT
JEFFERSON COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
12/30/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Matthew Bosma (Position Vacant)	01-01-06 to 11-27-07 11-28-07 to 12-31-08
President of the Board of Trustees	Gary Maas	01-01-06 to 12-31-08



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF TELEGRAPH HILL-RYKERS RIDGE
REGIONAL SEWER DISTRICT, JEFFERSON COUNTY, INDIANA

We have examined the financial information presented herein of Telegraph Hill-Rykens Ridge Regional Sewer District (District), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of 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. The schedule 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

October 31, 2008

TELEGRAPH HILL-RYKERS RIDGE
REGIONAL SEWER DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Proprietary Funds:				
Operating Cash Phase 1 and 2	\$ 36,088	\$ 217,453	\$ 227,459	\$ 26,082
Operating Cash Phase 3	13,344	92,749	92,048	14,045
Operating Investment	22,732	-	-	22,732
Bond and Interest Cash Phase 1 and 2	3,000	36,000	33,000	6,000
Bond and Interest Cash Phase 3	-	24,300	19,300	5,000
Debt Service Reserve Cash Phase 1 and 2	34,571	2,256	-	36,827
Improvement Cash	101,329	29,874	-	131,203
Cash on Hand	100	100	-	200
	<u>100</u>	<u>100</u>	<u>-</u>	<u>200</u>
Totals	<u>\$ 211,164</u>	<u>\$ 402,732</u>	<u>\$ 371,807</u>	<u>\$ 242,089</u>
	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Proprietary Funds:				
Operating Cash Phase 1 and 2	\$ 26,082	\$ 227,281	\$ 242,488	\$ 10,875
Operating Cash Phase 3	14,045	182,972	111,764	85,253
Operating Investment	22,732	-	-	22,732
Bond and Interest Cash Phase 1 and 2	6,000	33,000	36,000	3,000
Bond and Interest Cash Phase 3	5,000	22,500	27,500	-
Debt Service Reserve Cash Phase 1 and 2	36,827	2,150	-	38,977
Improvement Cash	131,203	27,905	67,356	91,752
Cash on Hand	200	-	-	200
	<u>200</u>	<u>-</u>	<u>-</u>	<u>200</u>
Totals	<u>\$ 242,089</u>	<u>\$ 495,808</u>	<u>\$ 485,108</u>	<u>\$ 252,789</u>

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

TELEGRAPH HILL-RYKERS RIDGE
REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides wastewater collection service.

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.

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.

TELEGRAPH HILL-RYKERS RIDGE REGIONAL SEWER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Revenue bonds:		
Wastewater collection system Phase 1	\$ 189,000	\$ 12,922
Wastewater collection system Phase 2	382,000	24,145
Wastewater collection system Phase 3	<u>323,600</u>	<u>28,697</u>
Total business-type activities debt	<u>\$ 894,600</u>	<u>\$ 65,764</u>

TELEGRAPH HILL- RYKERS RIDGE
REGIONAL SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS

RATES AND CHARGES

Ordinances 2003-2 and 2003-4 provide for the rates and charges to be based on actual water consumption unless accurate water readings are not available. If accurate water meter readings are not available, the ordinances state in part: ". . . the monthly charge shall be determined as an average of single family dwelling units . . ." As of June 1, 2005, all of the customers of the District had been given the opportunity of being billed the average of their water bill usage or their wastewater bill will be calculated on the district average. Ordinance Nos. 2003-2 and 2003-4 should be amended to reflect their new billing practices.

Indiana Code 13-26-11-8 states in part: "The board shall, by ordinance, establish . . . rates or charges for the use of and the service provided by a works. . . . The board may periodically change and readjust the rates or charges as provided by this article. "

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

A similar comment was made in prior Report B29594.

OPTICAL IMAGES OF WARRANTS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3(a) concerning optical imaging of checks states in part: ". . . "original records" includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

Further, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

A similar comment was made in prior Report B29594.

TELEGRAPH HILL- RYKERS RIDGE
REGIONAL SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

PERSONAL PROPERTY USE

Contract employee Orville Newman uses a cell phone provided by the District during normal work hours and has access to it outside of normal work hours. A log was not presented for examination.

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit.

Whenever an item or other asset owned by the political subdivision is entrusted to an officer or employee, to be used at times outside the normal work time for business purposes, such as a cellular phone, or vehicle, a log should be maintained which clearly shows the business use. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

ERRORS ON ACCOUNTS PAYABLE VOUCHERS

The following deficiencies were noted on accounts payable vouchers during the examination period:

1. Not all accounts payable vouchers were itemized adequately. Supporting documents such as invoices or bills were not attached for the purchases of a printer and a tape recorder.
2. There was no signed certification to the receipt of goods and/or services on the section provided on accounts payable vouchers tested in the examination period.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;"

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

The Treasurer did not certify a list of names and addresses of officials and employees paid by the District to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the name and address of each person who has money due the person from the political subdivision to the treasurer of each county in which the political subdivision is located."

TELEGRAPH HILL-RYKERS RIDGE
REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 31, 2008, with Gary Maas, President of the Board of Trustees. The official concurred with our findings.