

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

EXAMINATION REPORT
OF
FULDA REGIONAL SEWER DISTRICT
SPENCER COUNTY, INDIANA
January 1, 2003 to December 31, 2006



FILED
10/11/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Dennis L. Mullis John E. Wesner	01-01-03 to 01-31-04 02-01-04 to 12-31-07
President of the Board	Othmar G. Mullis	01-01-03 to 12-31-07



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF FULDA REGIONAL SEWER DISTRICT, SPENCER COUNTY, INDIANA

We have examined the financial information presented herein of the Fulda Regional Sewer District (District), for the period of January 1, 2003 to December 31, 2006. 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, 2003, 2004, 2005, and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The 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 basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 28, 2007

FULDA 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, 2003, 2004, 2005, And 2006

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Proprietary Funds: Operating	\$ <u> -</u>	\$ <u> 50,029</u>	\$ <u> 46,353</u>	\$ <u> 3,676</u>
	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Proprietary Fund: Operating	\$ <u> 3,676</u>	\$ <u> 118,259</u>	\$ <u> 59,150</u>	\$ <u> 62,785</u>
	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Proprietary Fund: Operating	\$ <u> 62,785</u>	\$ <u> 80,135</u>	\$ <u> 96,420</u>	\$ <u> 46,500</u>
	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Proprietary Fund: Operating	\$ <u> 46,500</u>	\$ <u> 69,701</u>	\$ <u> 95,441</u>	\$ <u> 20,760</u>

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

FULDA 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 the following service: wastewater treatment.

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. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. 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.

Note 5. Long-Term Debt - State Revolving Loan

The District has entered into debt such as a state revolving loan.

Under the terms of the State Revolving Loan Fund, revenue bonds were purchased by the Indiana Bond Bank. The proceeds of which were used to finance the construction of a wetland with a drip irrigation system for wastewater treatment. Funds were loaned to the District as construction costs were incurred. At the completion of construction, the outstanding principal balance was \$420,000. The outstanding principal balance at December 31, 2006, was \$388,114.

Note 6. Cash with Fiscal Agent - Debt Service Reserve

When the State Revolving Loan was entered into, various trust accounts were established at the Bank of New York in order to process loan drawdowns, payment of construction costs, subsequent repayment of the loans, and establishment of a debt service reserve. The balance in this debt service reserve trust account at December 31, 2006, was \$29,695.

Note 7. Rate Structure

The current rate structure was approved by the District Board of Trustees on September 20, 2004.

FULDA REGIONAL SEWER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2006

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>Fulda Regional Sewer District</u>	<u>Ending Balance</u>
Business-type activities:	
Capital assets:	
Land	\$ 26,160
Wetland Treatment System	<u>1,008,597</u>
 Total business-type activities capital assets	 <u>\$ 1,034,757</u>

FULDA REGIONAL SEWER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Business-type Activities:		
State Revolving Loan:		
2004 State revolving loan	\$ 388,114	\$ -

FULDA REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on August 28, 2007, with John E. Wesner, Treasurer; Dennis L. Mullis, former Treasurer; and Othmar G. Mullis, President of the Board. Our examination disclosed no material items that warrant comment at this time.