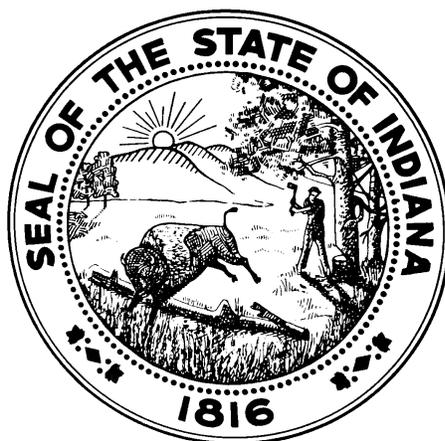


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
WAYNE COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**  
11/10/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Superintendent	Darlene A. Druley	01-01-06 to 12-31-08
Office Manager	Carolyn Willis	01-01-06 to 12-31-08
President of the Board	Terry L. Patterson	01-01-06 to 12-31-08
Treasurer	Garry Cornett	01-01-06 to 12-31-08



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Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE WESTERN WAYNE REGIONAL  
SEWAGE DISTRICT, WAYNE COUNTY, INDIANA

We have examined the financial information presented herein of the Western Wayne Regional Sewage 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 Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part 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

October 8, 2008

WESTERN WAYNE REGIONAL SEWAGE 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	\$ 228,309	\$ 392,280	\$ 381,293	\$ 239,296
Depreciation	123,608	27,837	58,655	92,790
Reserve	<u>117,202</u>	<u>113,909</u>	<u>111,705</u>	<u>119,406</u>
Totals	<u>\$ 469,119</u>	<u>\$ 534,026</u>	<u>\$ 551,653</u>	<u>\$ 451,492</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Proprietary Funds:				
Operating	\$ 239,296	\$ 461,475	\$ 498,586	\$ 202,185
Depreciation	92,790	27,805	29,647	90,948
Reserve	119,406	97,567	112,855	104,118
System Rehabilitation	<u>-</u>	<u>118,710</u>	<u>75,717</u>	<u>42,993</u>
Totals	<u>\$ 451,492</u>	<u>\$ 705,557</u>	<u>\$ 716,805</u>	<u>\$ 440,244</u>

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

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides sanitary sewer services.

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.

Note 4. 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 this 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 members' contributions, set by state statute at 3% 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. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

December 31, 2007

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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 185,230
Buildings	1,066,808
Improvements other than buildings	4,966,870
Machinery and equipment	<u>1,843,756</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 8,062,664</u></u>

WESTERN WAYNE REGIONAL SEWAGE 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
Governmental Activities:		
Bonds payable:		
Revenue bonds:		
Sewer Plant Construction Bonds	\$ 555,000	\$ 16,234

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
EXAMINATION RESULTS AND COMMENTS

ORDINANCES AND RESOLUTIONS

Western Wayne Regional Sewage District has an ordinance for the 1996 Refunding Revenue Bonds detailing the required transfers of monies to the Bond and Interest Account and the Reserve Account, which together are maintained as the Reserve Fund. The Bond and Interest Account is to receive monthly at least 1/12 of the principal and 1/6 of the interest on the amount payable the next succeeding principal and interest payment dates. For 2007 this total was \$111,855. Transfers to the Bond and Interest Account were \$97,567 for a difference of \$14,288.

The Reserve Account is to maintain a balance within five years of the date of issue of the bonds of the least of:

- a. the maximum annual debt service on the refunding bonds;
- b. 125% of the average annual debt service on the refunding bonds; and
- c. 10% of the bond proceeds.

The least of these is maximum annual debt service of \$112,330. The balance of the Reserve Account is \$104,118 for a difference of \$8,212.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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 concerning optical imaging of checks states in part:

"(a) . . . "original records" . . . includes the optical image of a check or deposit document when:

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (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)."

PRESCRIBED FORM

The prescribed form 100R, Certified Report of Names, Addresses, Duties and Compensation of Public Employees, was not filed for 2006 or 2007.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on October 8, 2008 with Carolyn Willis, Office Manager; Darlene A. Druley, Superintendent; and Susie Dungan, Board Member. The officials concurred with our findings.