

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, 2007 to December 31, 2010



FILED
04/12/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Supplementary Information:	
Schedule of Capital Assets.....	6
Schedule of Long-Term Debt	7
Examination Results and Comments:	
Prescribed Forms	8
Allowance of Claims	8-9
Annual Report.....	9
Exit Conference.....	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	John E. Wesner	01-01-07 to 12-31-11
President of the Board	Othmar G. Mullis	01-01-07 to 12-31-11
Bookkeeper	Kathy J. Seckinger	01-01-07 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE 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, 2007 to December 31, 2010. 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, 2007, 2008, 2009, and 2010, 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

March 15, 2011

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, 2007, 2008, 2009, And 2010

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Proprietary Funds:				
General	\$ 20,728	\$ 60,379	\$ 50,291	\$ 30,816
Bond and Interest	21,935	27,898	27,017	22,816
Debt Service Reserve	29,695	1,273	3,023	27,945
Construction-Retainage	<u>32</u>	<u>-</u>	<u>-</u>	<u>32</u>
Totals	<u>\$ 72,390</u>	<u>\$ 89,550</u>	<u>\$ 80,331</u>	<u>\$ 81,609</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Proprietary Funds:				
General	\$ 30,816	\$ 53,736	\$ 44,723	\$ 39,829
Bond and Interest	22,816	26,883	27,205	22,494
Debt Service Reserve	27,945	454	-	28,399
Construction-Retainage	<u>32</u>	<u>-</u>	<u>-</u>	<u>32</u>
Totals	<u>\$ 81,609</u>	<u>\$ 81,073</u>	<u>\$ 71,928</u>	<u>\$ 90,754</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Proprietary Funds:				
General	\$ 39,829	\$ 53,530	\$ 50,982	\$ 42,377
Bond and Interest	22,494	27,486	27,231	22,749
Debt Service Reserve	28,399	3	-	28,402
Construction-Retainage	32	-	-	32
Emergency	<u>-</u>	<u>9,739</u>	<u>-</u>	<u>9,739</u>
Totals	<u>\$ 90,754</u>	<u>\$ 90,758</u>	<u>\$ 78,213</u>	<u>\$ 103,299</u>

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Proprietary Funds:				
General	\$ 42,377	\$ 53,308	\$ 72,360	\$ 23,325
Bond and Interest	22,749	27,469	27,225	22,993
Debt Service Reserve	28,402	-	-	28,402
Construction-Retainage	32	-	-	32
Emergency	<u>9,739</u>	<u>22,143</u>	<u>-</u>	<u>31,882</u>
Totals	<u>\$ 103,299</u>	<u>\$ 102,920</u>	<u>\$ 99,585</u>	<u>\$ 106,634</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. 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. Prior Report

The ending balance of the prior report at December 31, 2006, did not include \$22,816 in the Bank of New York Bond and Interest Fund.

Note 5. 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
 December 31, 2010

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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<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><u>\$ 1,034,757</u></u>

FULDA REGIONAL SEWER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

Description of Asset	Ending Balance	Principal and Interest Due Within One Year
Business-type activities:		
State Revolving Loan:		
2004 State revolving loan	\$ 334,934	\$ 27,219

FULDA REGIONAL SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use and alternate forms being used have not been approved by the State Board of Accounts:

Utility Form 301S Municipal Sewage Utility Accounts Payable Voucher
Utility Form 323 Simplified Cash Journal – Municipal Sewage Utility
Utility Form 324 Consumer's Ledger - Municipal Wastewater Utility
General Form 350 Register of Investments
General Form 352 Receipt
General Form 364 Accounts Payable Voucher Register

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 Special Districts, Chapter 10)

All governmental units are required by law to use the forms prescribed by this department; however, if it is desirable to use a different form or to have a prescribed form modified to conform for computer applications, a letter and three copies of the proposed form may be submitted to the State Board of Accounts for approval. No form should be printed and placed into use, other than a prescribed form, without prior approval. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

ALLOWANCE OF CLAIMS

The minutes list invoices approved by the board for payment each month. However, the invoices are not attached to an accounts payable voucher and there is no signed accounts payable voucher or accounts payable voucher register authorizing payment.

General Form 364 has been designed to document the allowance of claims, in lieu of requiring that each individual accounts payable voucher be signed by each member of a governing body.

FULDA REGIONAL SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

This form shall be prepared by, or filed with, the fiscal officer together with the supporting account payable vouchers and all such documents shall be carefully preserved by the disbursing officer as a part of the official records of the office. It will be optional with each fiscal officer and each governing board having jurisdiction over the allowance of accounts payable vouchers as to whether to sign each voucher or to sign only General Form 364, Accounts Payable Voucher Register. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 21)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

ANNUAL REPORT

The annual reports for 2007, 2008, and 2010 did not include the bond and interest account held in trust at the Bank of New York. An annual report for 2009 was not presented for examination.

IC 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

FULDA REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2010, with John E. Wesner, Treasure,; and Othmar G, Mullis, President of the Board. The officials concurred with our findings.