

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

EXAMINATION REPORT  
OF  
FALL CREEK REGIONAL WASTE DISTRICT  
MADSON COUNTY, INDIANA  
January 1, 2009 to December 31, 2010



**FILED**  
10/11/2011



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	6-7
Notes to Financial Statements .....	8-10
Supplementary Information:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	12-15
Schedule of Capital Assets.....	16
Schedule of Long-Term Debt .....	17
Exit Conference.....	18

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
General Manager	Joseph F. Rowlett	01-01-09 to 12-31-11
Office Manager	Teresa K. Hutton	01-01-09 to 12-31-11
Treasurer	Greg Valentine	01-01-09 to 12-31-11
President of the Board	Mark A. Jablonski	01-01-09 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE FALL CREEK REGIONAL  
WASTE DISTRICT, MADISON COUNTY, INDIANA

We have examined the financial statements of the Fall Creek Regional Waste District (District), for the period of January 1, 2009 to December 31, 2010. The District's management is responsible for the financial statements. 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 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, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 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, Board of Trustees, 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

September 6, 2011

(This page intentionally left blank.)

FINANCIAL STATEMENTS

FALL CREEK REGIONAL WASTE DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Operating	\$ 490,360	\$ 4,744,495	\$ 5,101,437	\$ 133,418
Operating Investment	238,460	2,956	-	241,416
Bond And Interest	689,544	976,640	940,728	725,456
Debt Service Reserve	1,193,991	-	-	1,193,991
Capacity Fee	4,088,254	93,943	73,778	4,108,419
Off-Site Development Improvement	106,755 1,034,053	916 247,108	107,671 -	- 1,281,161
Preferred Liquidity	58,206	25,130	-	83,336
Payroll	-	859,772	859,772	-
Petty Cash	100	287	287	100
Cash Change Fund	100	50	-	150
Totals	<u>\$ 7,899,823</u>	<u>\$ 6,951,297</u>	<u>\$ 7,083,673</u>	<u>\$ 7,767,447</u>

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

FALL CREEK REGIONAL WASTE DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 133,418	\$ 6,812,854	\$ 6,750,196	\$ 196,076
Operating Investment	241,416	1,899	-	243,315
Principal & Interest	725,456	916,457	1,241,494	400,419
Debt Service Reserve 2000A-B	818,221	-	-	818,221
Debt Service Reserve 2001	375,770	-	-	375,770
Capacity Fee	4,108,419	117,548	974,365	3,251,602
Improvement Reserve	1,281,161	38,696	-	1,319,857
Preferred Liquidity	83,336	125	-	83,461
Payroll	-	933,234	933,234	-
Petty Cash	100	253	253	100
Cash Change Fund	150	-	-	150
Totals	<u>\$ 7,767,447</u>	<u>\$ 8,821,066</u>	<u>\$ 9,899,542</u>	<u>\$ 6,688,971</u>

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

FALL CREEK REGIONAL WASTE DISTRICT  
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 (primary government), and does not include financial information for any of the District's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the District (primary government).

*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, but are not limited to, the following sources:

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

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

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

FALL CREEK REGIONAL WASTE DISTRICT  
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. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the District submits a proposed operating budget to the governing board for the following calendar year.

FALL CREEK REGIONAL WASTE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**Note 3. 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.

**Note 4. 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; medical benefits to employees, retirees, and dependents; 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. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the District by recording as a disbursement and replacement items purchased.

**Note 5. Restatements**

For the year ended December 31, 2009, certain changes have been made to the financial statements to more appropriately reflect the financial activity of the District. The beginning balance of the Debt Service Reserve Fund was decreased by \$40,951 due to interest being accrued to the account in the 2008 report but not received by the District until 2009.

**Note 6. Pension Plan**

The District contributes to a pension plan unique to the District. Information regarding this plan may be obtained from the District.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District's Annual Reports can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

FALL CREEK REGIONAL WASTE DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009

	<u>Operating</u>	<u>Operating Investment</u>	<u>Bond And Interest</u>	<u>Debt Service Reserve</u>	<u>Capacity Fee</u>	<u>Off-Site Development</u>
Cash and investments - beginning, as restated	\$ 490,360	\$ 238,460	\$ 689,544	\$ 1,193,991	\$ 4,088,254	\$ 106,755
Receipts:						
Utility fees	3,473,863	-	-	-	-	-
Other receipts	<u>1,270,632</u>	<u>2,956</u>	<u>976,640</u>	<u>-</u>	<u>93,943</u>	<u>916</u>
Total receipts	<u>4,744,495</u>	<u>2,956</u>	<u>976,640</u>	<u>-</u>	<u>93,943</u>	<u>916</u>
Disbursements:						
Debt service - principal and interest	940,728	-	-	-	-	-
Capital outlay	691,393	-	-	-	-	-
Utility operating expenses	2,176,283	-	-	-	-	-
Other disbursements	<u>1,293,033</u>	<u>-</u>	<u>940,728</u>	<u>-</u>	<u>73,778</u>	<u>107,671</u>
Total disbursements	<u>5,101,437</u>	<u>-</u>	<u>940,728</u>	<u>-</u>	<u>73,778</u>	<u>107,671</u>
Excess (deficiency) of receipts over disbursements	<u>(356,942)</u>	<u>2,956</u>	<u>35,912</u>	<u>-</u>	<u>20,165</u>	<u>(106,755)</u>
Cash and investments - ending	<u>\$ 133,418</u>	<u>\$ 241,416</u>	<u>\$ 725,456</u>	<u>\$ 1,193,991</u>	<u>\$ 4,108,419</u>	<u>\$ -</u>

FALL CREEK REGIONAL WASTE DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009  
 (Continued)

	<u>Improvement</u>	<u>Preferred Liquidity</u>	<u>Payroll</u>	<u>Petty Cash</u>	<u>Change Fund</u>	<u>Totals</u>
Cash and investments - beginning, as restated	\$ 1,034,053	\$ 58,206	\$ -	\$ 100	\$ 100	\$ 7,899,823
Receipts:						
Utility fees	-	-	-	-	-	3,473,863
Other receipts	<u>247,108</u>	<u>25,130</u>	<u>859,772</u>	<u>287</u>	<u>50</u>	<u>3,477,434</u>
Total receipts	<u>247,108</u>	<u>25,130</u>	<u>859,772</u>	<u>287</u>	<u>50</u>	<u>6,951,297</u>
Disbursements:						
Debt service - principal and interest	-	-	-	-	-	940,728
Capital outlay	-	-	-	-	-	691,393
Utility operating expenses	-	-	-	-	-	2,176,283
Other disbursements	<u>-</u>	<u>-</u>	<u>859,772</u>	<u>287</u>	<u>-</u>	<u>3,275,269</u>
Total disbursements	<u>-</u>	<u>-</u>	<u>859,772</u>	<u>287</u>	<u>-</u>	<u>7,083,673</u>
Excess (deficiency) of receipts over disbursements	<u>247,108</u>	<u>25,130</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>(132,376)</u>
Cash and investments - ending	<u>\$ 1,281,161</u>	<u>\$ 83,336</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 150</u>	<u>\$ 7,767,447</u>

FALL CREEK REGIONAL WASTE DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General	Operating Investment	Principal & Interest	Debt Service Reserve 2000A-B	Debt Service Reserve	Capacity Fee
Cash and investments - beginning	\$ 133,418	\$ 241,416	\$ 725,456	\$ 818,221	\$ 375,770	\$ 4,108,419
Receipts:						
Utility fees	3,506,978	-	-	-	-	-
Other receipts	3,305,876	1,899	916,457	-	-	117,548
Total receipts	6,812,854	1,899	916,457	-	-	117,548
Disbursements:						
Debt service - principal and interest	2,411,128	-	-	-	-	-
Capital outlay	922,193	-	-	-	-	-
Utility operating expenses	2,353,805	-	-	-	-	-
Other disbursements	1,063,070	-	1,241,494	-	-	974,365
Total disbursements	6,750,196	-	1,241,494	-	-	974,365
Excess (deficiency) of receipts over disbursements	62,658	1,899	(325,037)	-	-	(856,817)
Cash and investments - ending	\$ 196,076	\$ 243,315	\$ 400,419	\$ 818,221	\$ 375,770	\$ 3,251,602

FALL CREEK REGIONAL WASTE DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Improvement Reserve	Preferred Liquidity	Payroll	Petty Cash	Change Fund	Totals
Cash and investments - beginning	\$ 1,281,161	\$ 83,336	\$ -	\$ 100	\$ 150	\$ 7,767,447
Receipts:						
Utility fees	-	-	-	-	-	3,506,978
Other receipts	38,696	125	933,234	253	-	5,314,088
Total receipts	38,696	125	933,234	253	-	8,821,066
Disbursements:						
Debt service - principal and interest	-	-	-	-	-	2,411,128
Capital outlay	-	-	-	-	-	922,193
Utility operating expenses	-	-	-	-	-	2,353,805
Other disbursements	-	-	933,234	253	-	4,212,416
Total disbursements	-	-	933,234	253	-	9,899,542
Excess (deficiency) of receipts over disbursements	38,696	125	-	-	-	(1,078,476)
Cash and investments - ending	\$ 1,319,857	\$ 83,461	\$ -	\$ 100	\$ 150	\$ 6,688,971

Fall Creek Regional Waste 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.

<u>Primary Government</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:	
Land	\$ 188,235
Infrastructure	285,406
Buildings	6,556,329
Improvements other than buildings	38,637,104
Machinery and equipment	4,647,715
Construction in progress	<u>1,534,125</u>
Total Assets	<u>\$ 51,848,914</u>

FALL CREEK REGIONAL WASTE DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2010

The District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Utility Debt:		
Wastewater Utility:		
Revenue bonds:		
1997 SRF Revenue Bonds	\$ 180,000	\$ 15,075
2000 A SRF Revenue Bonds	4,845,000	429,178
2000 B SRF Revenue Bonds	2,700,000	95,000
2010 Refunding Revenue Bonds	<u>882,960</u>	<u>68,989</u>
Total Wastewater Utility	<u>8,607,960</u>	<u>608,242</u>
Total Utility Debt	<u>\$ 8,607,960</u>	<u>\$ 608,242</u>

FALL CREEK REGIONAL WASTE DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on September 6, 2011, with Joseph F. Rowlett, General Manager; Teresa K. Hutton, Office Manager; Greg Valentine, Treasurer; Rebecca Hunter, Administrative Assistant; and Mark A. Jablonski, President of the Board. Our examination disclosed no material items that warrant comment at this time.