

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
METAMORA REGIONAL WASTEWATER DISTRICT
FRANKLIN COUNTY, INDIANA
January 1, 2002 to December 31, 2005



FILED
10/02/2006

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|---|-------------|
| Officials | 2 |
| Independent Accountant's Report | 3 |
| Schedules of Receipts, Disbursements, and Cash and Investment Balances..... | 4 |
| Notes to Schedules | 5 |
| Examination Results and Comments: | |
| Public Records Retention | 6 |
| Official Bond | 6 |
| Errors on Claims | 6-7 |
| Prescribed Forms | 7 |
| Board Minutes..... | 7 |
| Exit Conference..... | 8 |

OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|------------------------|-----------------|----------------------|
| Treasurer | Annabel Looker | 01-01-02 to 12-31-06 |
| President of the Board | Dennis Anness | 01-01-02 to 12-31-06 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE METAMORA REGIONAL WASTEWATER
DISTRICT, FRANKLIN COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Metamora Regional Wastewater District (District), for the period of January 1, 2002 to December 31, 2005. The District's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the District for the years ended December 31, 2002, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 14, 2006

METAMORA REGIONAL WASTEWATER DISTRICT
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL PROPRIETARY FUND TYPES
 As Of And For The Years Ended December 31, 2002, 2003, 2004, And 2005

| | Cash and Investments 01-01-02 | Receipts | Disbursements | Cash and Investments 12-31-02 |
|---|-------------------------------------|-----------------------|------------------------|-------------------------------------|
| Proprietary Fund: Wastewater Operating | \$ <u> -</u> | \$ <u> 1,010</u> | \$ <u> 14</u> | \$ <u> 996</u> |
| | Cash and Investments 01-01-03 | Receipts | Disbursements | Cash and Investments 12-31-03 |
| Proprietary Fund: Wastewater Operating | \$ <u> 996</u> | \$ <u> 82,500</u> | \$ <u> 1,231</u> | \$ <u> 82,265</u> |
| | Cash and Investments 01-01-04 | Receipts | Disbursements | Cash and Investments 12-31-04 |
| Proprietary Fund: Wastewater Operating | \$ <u> 82,265</u> | \$ <u> 525</u> | \$ <u> 50,419</u> | \$ <u> 32,371</u> |
| | Cash and Investments 01-01-05 | Receipts | Disbursements | Cash and Investments 12-31-05 |
| Proprietary Fund: Wastewater Operating | \$ <u> 32,371</u> | \$ <u> 6,788</u> | \$ <u> 4,192</u> | \$ <u> 34,967</u> |

The accompanying notes are an integral part of the schedules.

METAMORA REGIONAL WASTEWATER DISTRICT
NOTES TO SCHEDULES

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides the following services: wastewater facility.

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. Subsequent Event

In 2006, the District received a grant and a loan from the United States Department of Agriculture in the amount of \$1,300,000, and \$1,304,000, respectively. The District also received a Community Development Block Grant in the amount of \$500,000 that is administered by Franklin County.

METAMORA REGIONAL WASTEWATER DISTRICT
EXAMINATION RESULTS AND COMMENTS

PUBLIC RECORDS RETENTION

Bank statements for 2002, 2003, May and December of 2004 and January through June of 2005 were not presented for examination.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OFFICIAL BOND

The following official bond was not filed in the Office of the County Recorder:

Annabel Looker, Treasurer, 2002 through 2006

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

ERRORS ON CLAIMS

The following deficiencies were noted during the examination period:

- (1) Claims were not prepared for any disbursements.
- (2) Amounts paid were not adequately itemized.
- (3) All disbursements were lacking documentation of board approval.
- (4) All disbursements were lacking evidence in support of receipt of goods or services.

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."

METAMORA REGIONAL WASTEWATER DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

"(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;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

PRESCRIBED FORMS

The following prescribed or approved forms were not in use: accounts payable voucher form 301S; simplified cash journal form 323; and construction checks.

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)

BOARD MINUTES

Not all minutes of meetings of the governing body were available for examination.

Indiana Code 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

METAMORA REGIONAL WASTEWATER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2006, with Annabel Looker, Treasurer. The official concurred with our findings.