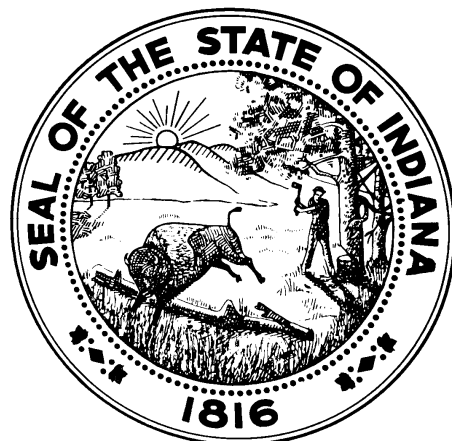


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
SOUTH CENTRAL REGIONAL SEWER DISTRICT
MONROE COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
12/30/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Utility Manager	Rick Coppock	01-01 06 to 12-31-08
Treasurer	Benjamin Keutzer	01-01-06 to 12-31-08
President of the Board	Gary L. Lentz	01-01-06 to 05-23-07
	Vacant	05-24-07 to 06-26-07
	W. Dick Jacobs	06-27-07 to 12-31-07
	Chad Reitmeyer	01-01-08 to 12-31-08



STATE OF INDIANA
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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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SOUTH CENTRAL REGIONAL
SEWER DISTRICT, MONROE COUNTY, INDIANA

We have examined the financial information presented herein of the South Central Regional Sewer 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 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

November 18, 2008

SOUTH CENTRAL 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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Proprietary Funds:				
Briarwood Operating	\$ (3,430)	\$ 78,829	\$ 63,571	\$ 11,828
Monroe Operating	168,674	613,793	509,556	272,911
North Park Operating	-	17,293	7,490	9,803
Stinesville Operating	19,766	51,244	63,453	7,557
Van Buren Operating	-	27,323	12,134	15,189
Monroe Petty Cash	200	-	200	-
Monroe Bond and Interest	42,957	1,422	-	44,379
Monroe Debt Service	66,389	2,247	-	68,636
Stinesville Debt Service Reserve	10,171	337	-	10,508
Monroe Escrow	31,361	810	10,000	22,171
Monroe Construction	(3,014)	285,382	281,273	1,095
Totals	\$ 333,074	\$ 1,078,680	\$ 947,677	\$ 464,077

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Proprietary Funds:				
Briarwood Operating	\$ 11,828	\$ 53,586	\$ 64,772	\$ 642
Monroe Operating	272,911	637,021	598,329	311,603
North Park Operating	9,803	6,812	13,644	2,971
Stinesville Operating	7,557	38,035	42,328	3,264
Van Buren Operating	15,189	106,234	95,276	26,147
Monroe Bond and Interest	44,379	1,967	-	46,346
Briarwood Debt Service Reserve	-	4,010	-	4,010
Monroe Debt Service	68,636	3,042	-	71,678
Stinesville Debt Service Reserve	10,508	465	-	10,973
Van Buren Debt Service Reserve	-	4,011	-	4,011
Monroe Escrow	22,171	983	-	23,154
Monroe Construction	1,095	51,228	20,628	31,695
Totals	\$ 464,077	\$ 907,394	\$ 834,977	\$ 536,494

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

SOUTH CENTRAL 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 services: wastewater removal and 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.

SOUTH CENTRAL REGIONAL SEWER DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended 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>Ending Balance</u>
Business-type activities:	
Capital assets, not being depreciated:	
Land	\$ 53,162
Buildings	28,458
Improvements other than buildings	10,355,943
Machinery and equipment	<u>25,899</u>
Total business-type activities capital assets	<u>\$ 10,463,462</u>

SOUTH CENTRAL REGIONAL SEWER 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
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
Briarwood Expansion	\$ 103,257	\$ 8,975
Monroe Expansion	82,000	5,100
Stinesville Expansion	85,000	8,250
Van Buren Expansion	<u>821,000</u>	<u>36,866</u>
Total business-type activities long-term debt:	<u>\$ 1,091,257</u>	<u>\$ 59,191</u>

SOUTH CENTRAL REGIONAL SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping that were cited in the prior report, were again present during our period of examination:

- (1) The general ledger presented for examination did not reconcile to the depository balance, because cash receipts for \$30,800 were posted to the general ledger after the year end ledger was printed.
- (2) The general ledger printed for the September 2006 entries included an adjusting entry for \$645,470.49. The general ledger printed for the year 2006 did not include this entry. No record could be found where this entry was deleted from the ledger.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

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)

ORDINANCES AND RESOLUTIONS

The District has a revenue bond issue for four of its subdistricts. The District was required by the bond ordinances to establish bond and interest accounts and reserve accounts for each issue. The District had not established the bond and interest accounts for Briarwood, Van Buren or Stinesville. The debt service reserve account for Briarwood and Van Buren were underfunded by \$1,911 and \$8,447, respectively.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

SOUTH CENTRAL REGIONAL SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

PRESCRIBED FORMS

The General Ledger used during the examination period was not the prescribed or approved form.

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)

CAPITAL ASSET RECORDS

The District did not keep a capital asset record using the prescribed Capital Asset Form 369. The District did keep a list of capital asset disbursements, but the detailed listing did not reconcile to the capital asset totals in the general ledger.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

SOUTH CENTRAL REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on November 18, 2008, with Benjamin Keutzer, Treasurer. The official concurred with our findings.