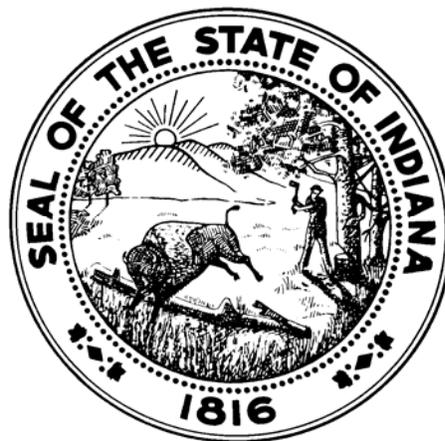


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
FLORENCE REGIONAL SEWAGE DISTRICT
SWITZERLAND COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
03/01/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Patty Chase	01-01-04 to 12-31-07
President of the Board	Robert Wheeler	01-01-04 to 12-31-07



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE FLORENCE REGIONAL SEWAGE
DISTRICT, SWITZERLAND COUNTY, INDIANA

We have examined the financial information presented herein of the Florence Regional Sewage District (District), for the period of January 1, 2004 to December 31, 2005. 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, 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

January 25, 2007

FLORENCE 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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Proprietary Funds:				
Operating	\$ 25,274	\$ 588,437	\$ 581,066	\$ 32,645
Sludge Disposal	112,793	46,139	21,177	137,755
Replacement	135,134	73,343	31,613	176,864
Capital Improvement	14,746	72,407	85,097	2,056
Totals	<u>\$ 287,947</u>	<u>\$ 780,326</u>	<u>\$ 718,953</u>	<u>\$ 349,320</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Proprietary Funds:				
Operating	\$ 32,645	\$ 603,587	\$ 609,298	\$ 26,934
Sludge Disposal	137,755	83,919	-	221,674
Replacement	176,864	62,382	16,387	222,859
Capital Improvement	2,056	12,009	7,664	6,401
Totals	<u>\$ 349,320</u>	<u>\$ 761,897</u>	<u>\$ 633,349</u>	<u>\$ 477,868</u>

The accompanying notes are an integral part of the schedules.

FLORENCE 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 the operation of a sanitary sewage system that collects and treats sanitary sewage.

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. Major Customer

The District's major customer is Belterra Resort Indiana (Belterra). In 2004 and 2005, collections received from Belterra were 88% and 80%, respectively, of total operating receipts.

FLORENCE REGIONAL SEWAGE DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on January 25, 2007, with Robert Wheeler, President of the Board; and Patty Chase, Treasurer. Our examination disclosed no material items that warrant comment at this time.