

**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, 2006 to December 31, 2007



**FILED**  
12/04/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Patty Chase	01-01-06 to 12-31-08
President of the Board	Robert E. Wheeler	01-01-06 to 12-31-08



**STATE OF INDIANA**  
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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, 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, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. The schedule has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

October 14, 2008

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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Proprietary Funds:				
Operating	\$ 26,934	\$ 390,630	\$ 357,469	\$ 60,095
Sludge	221,674	48,586	5,445	264,815
Maintenance and Improvement	222,859	56,996	20,996	258,859
Capital Improvement	6,401	14,056	12,913	7,544
Totals	<u>\$ 477,868</u>	<u>\$ 510,268</u>	<u>\$ 396,823</u>	<u>\$ 591,313</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Proprietary Funds:				
Operating	\$ 60,095	\$ 766,792	\$ 766,231	\$ 60,656
Sludge	264,815	168,915	231,083	202,647
Maintenance and Improvement	258,859	77,340	32,602	303,597
Capital Improvement	7,544	62,700	23,848	46,396
Totals	<u>\$ 591,313</u>	<u>\$ 1,075,747</u>	<u>\$ 1,053,764</u>	<u>\$ 613,296</u>

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

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. Pension Plan

Public Employees' Retirement Fund

Plan Description

The District contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the District authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

FLORENCE REGIONAL SEWAGE DISTRICT  
NOTES TO FINANCIAL INFORMATION  
(Continued)

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 5. Major Customer

The District's major customer is Belterra Resort Indiana (Belterra). In 2006 and 2007, collections received from Belterra were 86% and 89%, respectively, of total customer revenue.

FLORENCE REGIONAL SEWAGE DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

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 not reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Capital assets, not being depreciated:	
Land	\$ 36,000
Infrastructure	3,290,380
Buildings	247,090
Machinery and equipment	<u>29,798</u>
Total business-type activities, capital assets	<u>\$ 3,603,268</u>

FLORENCE REGIONAL SEWAGE DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on October 14, 2008, with Robert E. Wheeler, President of the Board; and Shannon Jackson, Superintendent/Bookkeeper. Our examination disclosed no material items that warrant comment at this time.