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

EXAMINATION REPORT  
OF  
LIBERTY REGIONAL WASTEWATER DISTRICT  
DELAWARE COUNTY, INDIANA  
January 1, 2008 to December 31, 2009



**FILED**  
12/07/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Office Manager	Kathy May	01-01-08 to 12-31-10
Superintendent	Brad Haney	01-01-08 to 10-24-08
	Alan Dudley	11-10-08 to 07-15-09
	(Vacant)	07-16-09 to 07-16-09
	Jerry Zearbaugh	07-17-09 to 12-31-10
Treasurer	Peggy J. Selvey	01-01-08 to 12-31-10
President of the Board of Trustees	Ronald Barrett	01-01-08 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LIBERTY REGIONAL WASTEWATER  
DISTRICT, DELAWARE COUNTY, INDIANA

We have examined the financial information presented herein of the Liberty Regional Wastewater District (District), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, 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

September 20, 2010

LIBERTY 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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Proprietary Funds:				
Wastewater Operating	\$ 115,786	\$ 1,056,121	\$ 968,398	\$ 203,509
Wastewater Bond and Interest	74,430	190,920	191,182	74,168
Wastewater Depreciation	8,218	907	-	9,125
Wastewater Debt Reserve	<u>201,249</u>	<u>6,637</u>	<u>-</u>	<u>207,886</u>
Totals	<u>\$ 399,683</u>	<u>\$ 1,254,585</u>	<u>\$ 1,159,580</u>	<u>\$ 494,688</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Proprietary Funds:				
Wastewater Operating	\$ 203,509	\$ 972,042	\$ 906,268	\$ 269,283
Wastewater Bond and Interest	74,168	191,520	191,607	74,081
Wastewater Depreciation	9,125	466	-	9,591
Wastewater Debt Reserve	<u>207,886</u>	<u>5,207</u>	<u>-</u>	<u>213,093</u>
Totals	<u>\$ 494,688</u>	<u>\$ 1,169,235</u>	<u>\$ 1,097,875</u>	<u>\$ 566,048</u>

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

LIBERTY REGIONAL WASTEWATER 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: public safety, health and social services, culture and recreation, and general administrative services.

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. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the District in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Note 5. 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.

LIBERTY REGIONAL WASTEWATER DISTRICT  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. 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.

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 7. Subsequent Event

In 2010, the District received a State Revolving Loan in the maximum amount of \$1,830,000. A total of \$236,501 has been drawn down as of September 20, 2010. The project is for sanitary sewer rehabilitation, manhole rehabilitation, lift station rehabilitation, new lift station telemetry, and three new generators.

LIBERTY REGIONAL WASTEWATER DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2009

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>
Business-type activities:	
Capital assets, not being depreciated:	
Land	\$ 167,087
Buildings	116,633
Improvements other than buildings	7,001,008
Machinery and equipment	<u>346,232</u>
Total business-type activities capital assets not being depreciated	<u><u>\$ 7,630,960</u></u>

LIBERTY REGIONAL WASTEWATER DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2009

The District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
State Revolving Fund (SRF) Loans:		
Waste collection system improvements of 2001	\$ 1,740,000	\$ 169,380
Waste collection system improvements of 2004	<u>224,494</u>	<u>17,476</u>
Total debt	<u>\$ 1,964,494</u>	<u>\$ 186,856</u>

LIBERTY REGIONAL WASTEWATER DISTRICT  
EXAMINATION RESULTS AND COMMENTS

PERSONAL EXPENSES

As noted in prior Report B32991 and during the current examination period, payments were made for items which were personal in nature and not related to the function or purpose of the Wastewater District. The items purchased included birthday cakes for employees and the attorney, meals at employee Christmas parties and sympathy flowers. Employees repaid \$694.56 on September 20, 2010. (See Summary, page 11)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

PENALTIES, INTEREST AND OTHER CHARGES

Late fees totaling \$225.77 were paid to a credit card company during the examination period.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

PRESCRIBED FORMS

The following prescribed or approved form was not in use:

Form 99A, Employee's Service Record

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)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

As noted in prior Report B32991 and during the current examination period, a list of employees was not certified to the County Treasurer.

IC 6-1.1-22-14(a) states in part:

"On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

LIBERTY REGIONAL WASTEWATER DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on September 20, 2010, with Peggy J. Selvey, Treasurer; Ronald Barrett, President of the Board of Trustees; Barbara Huffman, Board of Trustees member; Robert McGunegill, Board of Trustees member; Jerry Zearbaugh, Superintendent; and Kathy May, Office Manager. The officials concurred with our findings.

LIBERTY REGIONAL WASTEWATER DISTRICT  
SUMMARY

	Charges	Credits	Balance Due
Personal Expenses, page 9	\$ 694.56		\$
Repayment by Employees, September 20, 2010		694.56	-
Totals	\$ 694.56	\$ 694.56	\$ -