

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

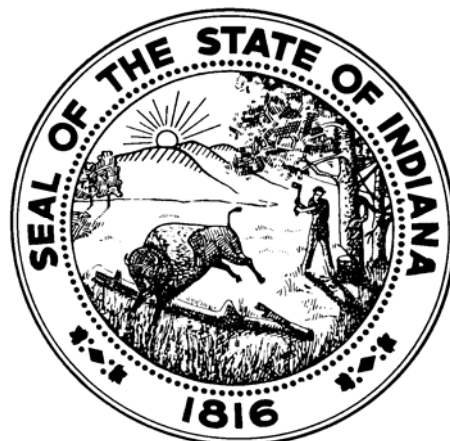
EXAMINATION REPORT

OF

SOUTH DEARBORN REGIONAL SEWER DISTRICT

DEARBORN COUNTY, INDIANA

January 1, 2003 to December 31, 2005



**FILED**  
09/21/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Richard Knippenberg	01-01-03 to 12-31-06
Superintendent	Dennis Feichtner	01-01-03 to 12-31-06
President of the Board	Randolph Turner	01-01-03 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of the South Dearborn Regional Sewer District (District), for the period of January 1, 2003 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, 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

July 18, 2006

SOUTH DEARBORN REGIONAL SEWER DISTRICT  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
As Of And For The Years Ended December 31, 2003, 2004, And 2005

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Operating	\$ 34,951	\$ 1,200,255	\$ 1,192,401	\$ 42,805
Depreciation	<u>468,862</u>	<u>273,776</u>	<u>43,722</u>	<u>698,916</u>
Totals	<u>\$ 503,813</u>	<u>\$ 1,474,031</u>	<u>\$ 1,236,123</u>	<u>\$ 741,721</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Operating	\$ 42,805	\$ 1,289,465	\$ 1,331,445	\$ 825
Depreciation	<u>698,916</u>	<u>251,626</u>	<u>6,986</u>	<u>943,556</u>
Totals	<u>\$ 741,721</u>	<u>\$ 1,541,091</u>	<u>\$ 1,338,431</u>	<u>\$ 944,381</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Operating	\$ 825	\$ 1,450,637	\$ 1,429,196	\$ 22,266
Depreciation	<u>943,556</u>	<u>256,142</u>	<u>126,755</u>	<u>1,072,943</u>
Totals	<u>\$ 944,381</u>	<u>\$ 1,706,779</u>	<u>\$ 1,555,951</u>	<u>\$ 1,095,209</u>

The accompanying notes are an integral part of the schedules.

SOUTH DEARBORN REGIONAL SEWER DISTRICT  
NOTES TO SCHEDULES

Note 1. Introduction

The District is a joint venture established in 1972 by a Dearborn County Circuit Court order. The District provides wastewater treatment services to, and operates in accordance with a contract between the following participating entities:

City of Aurora  
City of Greendale  
City of Lawrenceburg  
Pernod Ricard, USA, Inc.

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 DEARBORN REGIONAL SEWER DISTRICT  
NOTES TO SCHEDULES  
(Continued)

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.

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.

SOUTH DEARBORN REGIONAL SEWER DISTRICT  
EXAMINATION RESULT AND COMMENT

CAPITAL ASSET RECORDS

Information presented for audit indicates the District does not maintain sufficient detailed records of capital assets for its Utility Plant in Service accounts.

The current record consists of a list of capital assets acquired prior to 1993 and lists for each year thereafter. The list for assets acquired prior to 1993 has a description of the asset, cost, depreciation rate, depreciation expense for each year, and the accumulated depreciation through December 31, 2002. The lists for each year after 1992 show the cost, vendor name, depreciation rate, depreciation expense for each year, and the accumulated depreciation through December 31, 2002. There is no description of assets and no breakdown of component plant assets added in construction projects for the period 1993 to 2002. The records have not been updated since December 31, 2002.

Without a detailed listing of assets, inventories cannot be taken and disposals of individual capital assets cannot be recorded.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year 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 DEARBORN REGIONAL SEWER DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on July 18, 2006, with Randolph Turner, President of the Board; and Richard Knippenberg, Treasurer. The officials concurred with our finding.