

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

EXAMINATION REPORT
OF
SOUTH DEARBORN REGIONAL SEWER DISTRICT
DEARBORN COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
12/09/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Board	Randolph Turner	01-01-08 to 12-31-10
Treasurer	Richard Knippenberg	01-01-08 to 12-31-10
Superintendent	William A. Neyer	01-01-08 to 12-31-10



STATE OF INDIANA
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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 financial information presented herein of the South Dearborn Regional Sewer 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

October 20, 2010

SOUTH DEARBORN 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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Proprietary Funds:				
Operating	\$ 116,474	\$ 1,676,089	\$ 1,654,994	\$ 137,569
Depreciation	1,029,783	287,910	324,472	993,221
Landfill Project	124,404	49,172	91,625	81,951
	<u>1,270,661</u>	<u>2,013,171</u>	<u>2,071,091</u>	<u>1,212,741</u>
Totals	<u>\$ 1,270,661</u>	<u>\$ 2,013,171</u>	<u>\$ 2,071,091</u>	<u>\$ 1,212,741</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Proprietary Funds:				
Operating	\$ 137,569	\$ 1,604,147	\$ 1,655,897	\$ 85,819
Depreciation	993,221	204,385	801,286	396,320
Landfill Project	81,951	45,605	28,188	99,368
	<u>1,212,741</u>	<u>1,854,137</u>	<u>2,485,371</u>	<u>581,507</u>
Totals	<u>\$ 1,212,741</u>	<u>\$ 1,854,137</u>	<u>\$ 2,485,371</u>	<u>\$ 581,507</u>

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

SOUTH DEARBORN REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was 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

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.

SOUTH DEARBORN REGIONAL SEWER 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. Subsequent Event

On March 10, 2010, the District received a \$1,000,000 loan from the City of Lawrenceburg, a participating entity, for sewer system improvements. The loan agreement was for 20 years with an interest rate set at 2.5% below the prime interest rate.

SOUTH DEARBORN REGIONAL SEWER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

Capital assets are reported at actual cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Infrastructure	\$ 1,878,545
Buildings	12,636,380
Improvements other than buildings	389,762
Machinery and equipment	279,256
Construction in progress	<u>367,957</u>
Total capital assets	<u><u>\$ 15,551,900</u></u>

SOUTH DEARBORN REGIONAL SEWER 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
Loan payable Landfill project	\$ 400,000	\$ 43,000

SOUTH DEARBORN REGIONAL SEWER DISTRICT
EXAMINATION RESULT AND COMMENT

ANNUAL REPORTS NOT FILED

The annual financial reports (Special District Annual Report (SDAR)) for the years 2008 and 2009 were not filed with the Indiana State Board of Accounts.

IC 5-11-1-4 states in part:

"The state examiner shall require from every . . . local governmental unit . . . financial reports covering the full period of each fiscal year. These reports shall be . . . filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner . . ."

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)

SOUTH DEARBORN REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 20, 2010, with Richard Knippenberg, Treasurer; Randolph Turner, President of the Board; and William A. Neyer, Superintendent. The officials concurred with our findings.