

**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, 2008 to December 31, 2009



**FILED**  
01/13/2011



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Information: Schedules of Receipts, Disbursements, and Cash and Investment Balances .....	4
Notes to Financial Information .....	5-6
Supplementary Information: Schedule of Capital Assets.....	7
Examination Result and Comment: Annual Reports.....	8
Exit Conference.....	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Patricia Chase	05-14-07 to 05-13-13
President of the Board	Robert E. Wheeler	05-04-07 to 05-13-14
Superintendent	Shannon Jackson	01-01-08 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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, 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, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It 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 4, 2010

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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Proprietary Funds:				
Operating	\$ 60,656	\$ 514,570	\$ 527,643	\$ 47,583
Sludge	202,647	44,126	3,675	243,098
Maintenance and Improvement	303,597	108,071	88,154	323,514
Capital Improvement	<u>46,396</u>	<u>17,827</u>	<u>20,806</u>	<u>43,417</u>
Totals	<u>\$ 613,296</u>	<u>\$ 684,594</u>	<u>\$ 640,278</u>	<u>\$ 657,612</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Proprietary Funds:				
Operating	\$ 47,583	\$ 488,014	\$ 456,005	\$ 79,592
Sludge	243,098	48,222	-	291,320
Maintenance and Improvement	323,514	62,658	23,110	363,062
Capital Improvement	<u>43,417</u>	<u>12,150</u>	<u>42,961</u>	<u>12,606</u>
Totals	<u>\$ 657,612</u>	<u>\$ 611,044</u>	<u>\$ 522,076</u>	<u>\$ 746,580</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 operates a wastewater collection and treatment system.

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.

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 received 85% and 87% of total collections from Belterra Resort Indiana in 2008 and 2009 respectively.

FLORENCE REGIONAL SEWAGE DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
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 not reported at estimated fair value at the time received.

Primary Government

Business-type activities:

Capital assets, not being depreciated:

Land	\$ 36,000
Infrastructure	3,290,380
Buildings	247,090
Machinery and equipment	<u>42,348</u>
Total business-type activities, capital assets	<u>\$ 3,615,818</u>

FLORENCE REGIONAL SEWAGE DISTRICT  
EXAMINATION RESULT AND COMMENT

ANNUAL REPORTS

The 2008 Special District Annual Report (SCAR) that reports the financial activity and cash and investment balances was filed with the Indiana State Board of Accounts but contained incomplete information as follows:

1. Part 1, Statement of Receipts, Disbursements, Cash Balances and Investment Balances, showed only beginning balances from January 1, 2008. The funds were not adjusted for the year's receipts and disbursements.
2. Part 4, Enterprise Fund Report, was completed; however, the Operating Fund receipts and disbursements reported did not agree with the District's records.
3. Part 5, Cash and Investments, did not include cash balances.

The 2009 SDAR, was 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 1)

FLORENCE REGIONAL SEWAGE DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on October 4, 2010, with Patricia Chase, Treasurer; Shannon Jackson, Superintendent; and Robert E. Wheeler, President of the Board.