

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

EXAMINATION REPORT

OF

DEARBORN COUNTY REGIONAL SEWER DISTRICT

DEARBORN COUNTY, INDIANA

January 1, 2004 to December 31, 2008



FILED
11/04/2009

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OFFICIALS

Office

Official

Term

Treasurer

William B. Pruss

01-01-04 to 12-31-09

President of the Board

Michael Hankins
David Enzweiler
Steve Renihan

01-01-04 to 08-19-07
08-20-07 to 12-31-08
01-01-09 to 12-31-09



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

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Dearborn County Regional Sewer District (District), for the period of January 1, 2004 to December 31, 2008. 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, 2004, 2005, 2006, 2007, and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, 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

September 22, 2009

DEARBORN COUNTY 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, 2004, 2005, 2006, 2007, And 2008

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Proprietary Fund: Preliminary Planning Grant	\$ -	\$ 100,060	\$ 2,724	\$ 97,336
	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Proprietary Fund: Preliminary Planning Grant	\$ 97,336	\$ 757	\$ 56,961	\$ 41,132
	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Proprietary Fund: Preliminary Planning Grant	\$ 41,132	\$ 5,137	\$ 42,799	\$ 3,470
	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Proprietary Funds: Preliminary Planning Grant	\$ 3,470	\$ 10	\$ 1,099	\$ 2,381
Aurora Debt Service	-	1,449	-	1,449
Serenity Ridge - Construction	-	78,074	-	78,074
Totals	\$ 3,470	\$ 79,533	\$ 1,099	\$ 81,904
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Proprietary Funds: Preliminary Planning Grant	\$ 2,381	\$ 42	\$ 219	\$ 2,204
Aurora Debt Service	1,449	4,881	-	6,330
Serenity Ridge - Construction	78,074	1,192	58,740	20,526
Totals	\$ 81,904	\$ 6,115	\$ 58,959	\$ 29,060

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

DEARBORN COUNTY REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District will construct and operate a system that will collect and treat 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. Subsequent Event

On August 20, 2009, C&H/M Excavating was awarded the construction contract for the High Ridge Wastewater Treatment Plant in the amount of \$373,796. The project will be financed with funds loaned from Dearborn County.

DEARBORN COUNTY REGIONAL SEWER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Notes and loans payable	\$ 482,000	\$ -

DEARBORN COUNTY REGIONAL SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS

DISBURSEMENT PROCEDURES NOT FOLLOWED

We found the following deficiencies in the processing of vendor claims for payment:

1. Expenditures were not adequately itemized for 50% of the payments reviewed. The expenditures not adequately itemized consisted of payments for various engineering and legal services.
2. Claims or invoices were not accompanied by evidence in support of the receipt of goods or services for 90% of the payments reviewed.
3. The invoice or bill was not certified to be true and correct by the fiscal officer for all of payments reviewed.
4. Documentation of Board approval for payment of the claim was not presented for 80% of the payments reviewed.

IC 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

DEARBORN COUNTY REGIONAL SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONTRACTS

Payments of approximately \$90,000 were made for various engineering and legal services; however, no written contracts for these services were presented for examination.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Account and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

CANCELLED CHECKS

No cancelled checks were on file for the years 2004, 2005, 2006, 2007, or 2008. District officials stated the canceled checks or optical images of checks were not returned by the bank. We requested the District officials to obtain optical images of selected checks from the bank. These checks were presented for examination and agreed with duplicate checks on file.

IC 5-15-6-3 concerning optical imaging of checks states in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

Further, IC 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

DEARBORN COUNTY REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on September 22, 2009, with Steve Renihan, President of the Board; and William B. Pruss, Treasurer. The officials concurred with our findings.

The contents of this report were also discussed on September 22, 2009, with Vera Benning, Bookkeeper.