

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

EXAMINATION REPORT  
OF  
DAWN LAKES REGIONAL SEWER DISTRICT  
HUNTINGTON COUNTY, INDIANA  
January 1, 2005 to December 31, 2006



**FILED**  
09/27/2007



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
Supplementary Information: Schedule of Long-Term Debt.....	6
Examination Results and Comments: Deposits .....	7
Condition of Records .....	7
Overpayment on Contract.....	7
Federal and State Agencies - Compliance Requirements.....	8
Public Records Retention .....	8
Exit Conference.....	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jill M. Cutshall	01-01-05 to 12-31-07
President of the Board	Michael A. Stobb	01-01-05 to 12-31-07



**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 DAWN LAKES REGIONAL SEWER  
DISTRICT, HUNTINGTON COUNTY, INDIANA

We have examined the financial information presented herein of Dawn Lakes Regional Sewer District (District), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, 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. 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

August 7, 2007

DAWN LAKES 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, 2005 And 2006

	<u>Cash and Investments 01-01-05</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-05</u>
Proprietary Fund: Operating	\$ 13,952	\$ 377,656	\$ 62,315	\$ 329,293
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>Cash and Investments 01-01-06</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-06</u>
Proprietary Funds: Operating	\$ 329,293	\$ 62,590	\$ 296,670	\$ 95,213
Bond and interest	-	26,820	26,812	8
Reserve	-	5,520	-	5,520
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Totals	\$ 329,293	\$ 94,930	\$ 323,482	\$ 100,741
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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

DAWN LAKES REGIONAL SEWER DISTRICT  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides wastewater treatment 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. 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. Rate Structure

The current rate structure was approved by the District on October 11, 2005. The District has 49 customers.

DAWN LAKES REGIONAL SEWER DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT

December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Business-type Activities:		
Dawn Lakes Regional Sewer District		
Revenue bonds:		
New wastewater facility	\$ 325,000	\$ -



## DAWN LAKES REGIONAL SEWER DISTRICT EXAMINATION RESULTS AND COMMENTS

### DEPOSITS

Receipts were deposited later than the next business day. During the examination period, five months had only one deposit, eight months had two deposits, six months had three deposits, and five months had four deposits. A similar comment appeared in prior Report B26232.

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers, except township trustees, who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

### CONDITION OF RECORDS

Financial records presented for examination made it difficult to examine the activity of the Dawn Lakes Regional Sewer District due to the following inadequacies. A similar comment appeared in prior Report B26232.

1. Simplified Cash Journal for Wastewater Utility-Class C (Utility Form 323) was not in use. Records were maintained on a 13 column spreadsheet. This spreadsheet did not contain the information required by the prescribed form.
2. Consumer's Ledger (Form 324) was not in use. A comparable computerized spreadsheet was used; however, errors were noted on this form. Also, collections posted to this spreadsheet did not agree with the collections posted to the general ledger 13 column spreadsheet.
3. The District was not using a Sewage Receipt (Utility Form 311), Approved Checks (Form 353), or the General Fixed Asset Ledger (Form 369).

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)

### OVERPAYMENT ON CONTRACT

An overpayment of \$8,000 was made to McMahon Associates for engineering services. There is a contractual dispute between Dawn Lakes Regional Sewer District and the engineering firm. A refund has not been received as of June 30, 2007.

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

DAWN LAKES REGIONAL SEWER DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Treasurer received \$976 in compensation in 2005 and \$1,248 in 2006. This compensation was not paid by check but was received through the elimination of the Treasurer's monthly sewer bill. Internal Revenue Service Form 1099-MISC (Miscellaneous Income) was not issued to the Treasurer for this compensation.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

PUBLIC RECORDS RETENTION

The following documents were not available for the examination: (1) contract with the engineering firm for the new sewer treatment project, and (2) Internal Revenue Service Form 1099-MISC (Miscellaneous Income) issued for the 2005 and 2006 contractual maintenance service.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, 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)

DAWN LAKES REGIONAL SEWER DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2007, with Jill M. Cutshall, Treasurer; and Michael A. Stobb, President of the Board.