

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

EXAMINATION REPORT

OF

LAKE OF THE WOODS REGIONAL SEWER DISTRICT

MARSHALL COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
08/01/2007

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OFFICIALS

Office

Official

Term

Treasurer

Jonathan G. Oswald

01-01-05 to 12-31-07

President of the Board
of Trustees

Joseph Skelton

01-01-05 to 12-31-07



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LAKE OF THE WOODS REGIONAL
SEWER DISTRICT, MARSHALL COUNTY, INDIANA

We have examined the financial information presented herein of the Lake of the Woods 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 Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required part 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

June 26, 2007

LAKE OF THE WOODS REGIONAL SEWER DISTRICT
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 PROPRIETARY FUND TYPES
 As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Proprietary Funds:				
Operating	\$ 232,726	\$ 150,813	\$ 119,868	\$ 263,671
Bond and interest	<u>201,670</u>	<u>206,026</u>	<u>184,940</u>	<u>222,756</u>
Totals	<u>\$ 434,396</u>	<u>\$ 356,839</u>	<u>\$ 304,808</u>	<u>\$ 486,427</u>
	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Proprietary Funds:				
Operating	\$ 263,671	\$ 62,080	\$ 116,953	\$ 208,798
Bond and interest	<u>222,756</u>	<u>285,003</u>	<u>172,710</u>	<u>335,049</u>
Totals	<u>\$ 486,427</u>	<u>\$ 347,083</u>	<u>\$ 289,663</u>	<u>\$ 543,847</u>

The accompanying notes are an integral part of the schedules.

LAKE OF THE WOODS REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District operates under a Board of Trustees form of government and provides wastewater removal 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. Budgets

The operating budget is initially prepared and approved at the local level.

Note 4. 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.

LAKE OF THE WOODS REGIONAL SEWER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>	<u>Accumulated Depreciation</u>	<u>Net Ending Balance</u>
Business-type activities:			
Capital assets:			
Land	\$ 221,158	\$ -	\$ 221,158
Buildings	147,145	22,650	124,495
Improvements other than buildings	4,647,346	627,863	4,019,483
Machinery and equipment	<u>247,149</u>	<u>85,375</u>	<u>161,774</u>
Total business-type activities capital assets	<u>\$ 5,262,798</u>	<u>\$ 735,888</u>	<u>\$ 4,526,910</u>

LAKE OF THE WOODS REGIONAL SEWER DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Business-type Activities:		
Notes and loans payable:		
State revolving fund - constuction and financing of sewage works	<u>\$ 1,208,000</u>	<u>\$ 163,000</u>

LAKE OF THE WOODS REGIONAL SEWER DISTRICT
EXAMINATION RESULT AND COMMENT

ANNUAL REPORT

The 2005 and 2006 Annual Report contained mathematical errors. The 2006 report included incorrect beginning and ending balances, and incorrect receipts and disbursements by fund. A similar comment was in the prior Report B25785.

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 Cities and Towns, Chapter 7)

LAKE OF THE WOODS REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2007, with Jonathan G. Oswald, Treasurer; Joseph Skelton, President of the Board of Trustees; Christine Egenlauf, Office Manager; and Barbara Rzepka, Clerk. The officials concurred with our finding.