

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

EXAMINATION REPORT
OF
LAOTTO REGIONAL SEWER DISTRICT
NOBLE COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
11/06/2008

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|------------------------|-------------------|----------------------|
| Financial Clerk | Linda L. Kiester | 01-01-06 to 12-31-08 |
| President of the Board | Phillip A. Troyer | 01-01-06 to 12-31-08 |



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AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LAOTTO REGIONAL SEWER DISTRICT, NOBLE COUNTY, INDIANA

We have examined the financial information presented herein of the LaOtto Regional Sewer District (District), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, 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 14, 2008

LAOTTO 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, 2006 And 2007

| | Cash and Investments 01-01-06 | Receipts | Disbursements | Cash and Investments 12-31-06 |
|--------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Proprietary Funds: | | | | |
| Operating | \$ 108,955 | \$ 131,549 | \$ 106,255 | \$ 134,249 |
| Bond and Interest | 34,675 | 67,775 | 68,150 | 34,300 |
| Reserve | <u>57,267</u> | <u>6,804</u> | <u>-</u> | <u>64,071</u> |
| Totals | <u>\$ 200,897</u> | <u>\$ 206,128</u> | <u>\$ 174,405</u> | <u>\$ 232,620</u> |
| | | | | |
| | Cash and Investments 01-01-07 | Receipts | Disbursements | Cash and Investments 12-31-07 |
| Proprietary Funds: | | | | |
| Operating | \$ 134,249 | \$ 131,516 | \$ 97,625 | \$ 168,140 |
| Bond and Interest | 34,300 | 68,025 | 67,400 | 34,925 |
| Reserve | <u>64,071</u> | <u>6,804</u> | <u>-</u> | <u>70,875</u> |
| Totals | <u>\$ 232,620</u> | <u>\$ 206,345</u> | <u>\$ 165,025</u> | <u>\$ 273,940</u> |

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

LAOTTO 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 collection and disposal 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.

LAOTTO REGIONAL SEWER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2007

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> |
|---|---------------------------|
| Business-type activities: | |
| Capital assets, not being depreciated: | |
| Land | \$ 166,240 |
| Buildings | 300,666 |
| Improvements other than buildings | 1,078,985 |
| Machinery and equipment | <u>26,545</u> |
| Total business-type activities capital assets | <u>\$ 1,572,436</u> |

LAOTTO REGIONAL SEWER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Sewer District has entered into the following debt:

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year |
|--|--------------------------------|---|
| Business-type Activities: | | |
| Revenue bonds: | | |
| \$1,154,200 1997 Sewage Works Improvements | <u>\$ 1,037,000</u> | <u>\$ 68,625</u> |

LAOTTO REGIONAL SEWER DISTRICT EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORTS

The annual reports (SDAR-1) for 2006 and 2007 were not prepared and filed with the state examiner.

Indiana Code 5-11-1-4(a) states: "The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. Except as provided by subsection (b), these reports shall be prepared, verified, and filed with the state examiner not later than thirty (30) days after the close of each fiscal year."

INTEREST ON INVESTMENTS

Interest of \$3,417 earned during 2007 was automatically added to the principal on the District's investments and not recorded in the records.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

LAOTTO REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 14, 2008, with Linda L. Kiester, Financial Clerk. The official concurred with our findings.