

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

EXAMINATION REPORT

OF

LAGRANGE COUNTY REGIONAL UTILITY DISTRICT

LAGRANGE COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
11/13/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
District Administrative Manager	Mary J. Weber Heidi Sisco (Interim)	01-01-06 to 09-18-08 09-19-08 to 12-31-08
District Operations Manager	Donald Skinner	01-01-06 to 12-31-08
Treasurer	James McFadden Mary J. Weber (Interim) Jim Wise Bob Jarolim	01-01-06 to 06-30-06 07-01-06 to 08-08-06 08-09-06 to 12-31-07 01-01-08 to 12-31-08
President of the Board	J. Burton DeRusha Al Stealy Paul Giesecking Jack Dold	01-01-06 to 02-16-06 02-17-06 to 04-11-06 04-12-06 to 12-31-07 01-01-08 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LAGRANGE COUNTY
REGIONAL UTILITY DISTRICT, LAGRANGE COUNTY, INDIANA

We have examined the accompanying financial statements of the business-type activities of the LaGrange County Regional Utility District (District), as of and for the years ended December 31, 2006, and 2007. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements 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 consider necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2006 and 2007, and the respective changes in financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

STATE BOARD OF ACCOUNTS

October 16, 2008

LAGRANGE COUNTY REGIONAL UTILITY DISTRICT
STATEMENT OF NET ASSETS
December 31, 2006 And 2007

<u>Assets</u>	<u>2006</u>	<u>2007</u>
Current assets:		
Cash and cash equivalents	\$ 671,455	\$ 984,473
Interest receivable	-	18,351
Accounts receivable	264,905	184,812
Prepaid items	<u>14,521</u>	<u>15,020</u>
Total current assets	<u>950,881</u>	<u>1,202,656</u>
Noncurrent assets:		
Restricted cash, cash equivalents and investments:		
Bond and interest cash and investments	743,054	749,067
Debt service reserve cash and investments	<u>919,846</u>	<u>984,429</u>
Total restricted assets:	<u>1,662,900</u>	<u>1,733,496</u>
Deferred charges	<u>267,991</u>	<u>257,716</u>
Capital assets:		
Land, improvements to land and construction in progress	353,635	357,202
Other capital assets (net of accumulated depreciation)	<u>27,537,373</u>	<u>26,912,877</u>
Total capital assets	<u>27,891,008</u>	<u>27,270,079</u>
Total noncurrent assets	<u>29,821,899</u>	<u>29,261,291</u>
Total assets	<u>30,772,780</u>	<u>30,463,947</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	7,191	15,773
Accrued wages payable	20,752	21,969
Compensated absences	20,380	20,667
Current liabilities payable from restricted assets:		
Revenue bonds payable	186,000	196,000
Accrued interest payable	<u>412,982</u>	<u>408,346</u>
Total current liabilities	<u>647,305</u>	<u>662,755</u>
Noncurrent liabilities:		
Revenue bonds payable	16,777,000	16,581,000
SRF loan payable	1,402,000	1,354,000
Loan payable	<u>40,645</u>	<u>40,645</u>
Total noncurrent liabilities	<u>18,219,645</u>	<u>17,975,645</u>
Total liabilities	<u>18,866,950</u>	<u>18,638,400</u>
<u>Deferred Credits</u>		
Advances for construction	34,337	34,337
Advances for debt retirement	<u>192,000</u>	<u>192,000</u>
Total deferred credits	<u>226,337</u>	<u>226,337</u>
Total liabilities and deferred credits	<u>19,093,287</u>	<u>18,864,737</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	9,793,999	9,396,795
Restricted for debt service	1,249,918	1,325,150
Unrestricted	<u>635,576</u>	<u>877,265</u>
Total net assets	<u>\$ 11,679,493</u>	<u>\$ 11,599,210</u>

The notes to the financial statements are an integral part of this statement.

LAGRANGE COUNTY REGIONAL UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS
As Of And For The Years Ended December 31, 2006 And 2007

	<u>2006</u>	<u>2007</u>
Operating revenues:		
Flat rate revenues	\$ 2,357,799	\$ 2,339,677
Penalties	45,050	42,452
Connection charges	75,032	20,585
Other	<u>23,965</u>	<u>43,404</u>
 Total operating revenues	 <u>2,501,846</u>	 <u>2,446,118</u>
 Operating expenses:		
Salaries and wages	328,462	354,670
Employee pensions and benefits	90,468	104,777
Purchased power	114,229	128,710
Purchased wastewater treatment	87,830	88,524
Sludge removal	21,398	31,087
Chemicals	19,683	21,900
Materials and supplies	110,722	167,768
Contractual services	141,848	123,186
Rents	11,593	11,807
Transportation expenses	12,477	12,336
Insurance expense	42,386	49,249
Depreciation	660,912	659,739
Miscellaneous expenses	<u>25,606</u>	<u>25,573</u>
 Total operating expenses	 <u>1,667,614</u>	 <u>1,779,326</u>
 Operating income (loss)	 <u>834,232</u>	 <u>666,792</u>
 Nonoperating revenues (expenses):		
Interest and investment revenue	71,555	128,964
Interest expense	(876,680)	(865,764)
Amortization expense	<u>(10,275)</u>	<u>(10,275)</u>
 Total nonoperating revenues (expenses)	 <u>(815,400)</u>	 <u>(747,075)</u>
 Change in net assets	 18,832	 (80,283)
 Total net assets - beginning	 <u>11,660,661</u>	 <u>11,679,493</u>
 Total net assets - ending	 <u>\$ 11,679,493</u>	 <u>\$ 11,599,210</u>

The notes to the financial statements are an integral part of this statement.

LAGRANGE COUNTY REGIONAL UTILITY DISTRICT
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
As Of And For The Years Ended December 31, 2006 And 2007

	<u>2006</u>	<u>2007</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 2,437,951	\$ 2,526,211
Payments to suppliers and contractors	(690,950)	(756,834)
Payments to employees	<u>(306,079)</u>	<u>(353,166)</u>
Net cash provided by operating activities	<u>1,440,922</u>	<u>1,416,211</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(160,182)	(38,810)
Principal paid on capital debt	(213,000)	(234,000)
Interest paid on capital debt	(876,557)	(870,400)
Refund advances for construction	<u>(7,900)</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(1,257,639)</u>	<u>(1,143,210)</u>
Cash flows from investing activities:		
Interest received	<u>71,555</u>	<u>110,613</u>
Net increase in cash and cash equivalents	254,838	383,614
Cash and cash equivalents, January 1	<u>2,079,517</u>	<u>2,334,355</u>
Cash and cash equivalents, December 31	<u>\$ 2,334,355</u>	<u>\$ 2,717,969</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income	<u>\$ 834,232</u>	<u>\$ 666,792</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	660,912	659,739
(Increase) decrease in assets:		
Accounts receivable	(63,895)	80,093
Prepaid items	(90)	(499)
Increase (decrease) in liabilities:		
Accounts payable	(10,147)	8,582
Accrued wages payable	2,003	1,217
Payroll withholdings payable	(2,473)	-
Compensated absence payable	<u>20,380</u>	<u>287</u>
Total adjustments	<u>606,690</u>	<u>749,419</u>
Net cash provided by operating activities	<u>\$ 1,440,922</u>	<u>\$ 1,416,211</u>
Noncash investing, capital and financing activities:		
Capital assets acquired by accounts payable	\$ 259	\$ -

The notes to the financial statements are an integral part of this statement.

LAGRANGE COUNTY REGIONAL UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The District was established under the laws of the State of Indiana. The District operates under an appointed board form of government and provides wastewater treatment services. On March 4, 2008, Indiana Department of Environmental Management approved the District to be a Utility. The District changed their name to LaGrange County Regional Utility District.

The accompanying financial statements present the activities of the District. There are no significant component units which require inclusion.

B. Fund Financial Statements

Business-type activity financial statements consist of the Statement of Net Assets; Statement of Revenues, Expenses, and Other Changes in Fund Net Assets; and the Statement of Cash Flows. Business-type activities rely to a significant extent on fees and charges for support.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounts of the business-type activity are maintained and the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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.

Nonparticipating certificates of deposit, demand deposits and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

LAGRANGE COUNTY REGIONAL UTILITY DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

2. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets balance sheet because their use is limited by applicable bond covenants.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the financial statements.

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.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Structures and improvements	\$ 500	Straight-line	50 years
Machinery and equipments	500	Straight-line	5 to 50 year
Organization	500	Straight-line	50 years

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the District during the current years 2006 and 2007 were \$876,680 and \$865,764 respectively. Of the amount, there was no interest included as part of the cost of capital assets under construction in connection with the Shipshewana Project.

5. Compensated Absences

- a. Sick Leave – District employees earn sick leave at the rate of 6 days per year. Unused sick leave may be accumulated to a maximum of 45 days. Accumulated sick leave is not paid to employees through upon termination.

LAGRANGE COUNTY REGIONAL UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

- b. Vacation Leave – District employees earn vacation leave at rates from 10 days to 24 days per year based upon the number of years of service. Vacation leave accumulates from year to year indefinitely. Unused vacation leave is paid to employees at termination.
- c. Personal Leave – District employees may use 3 sick days as personal leave each year. Personal leave does not accumulate from year to year.

Vacation and sick leave is accrued when incurred.

6. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

II. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Capital Assets

Capital asset activity for the years ended December 31, 2006 and 2007, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
2006:				
Capital assets, not being depreciated:				
Land	\$ 336,975	\$ 1,000	\$ -	\$ 337,975
Construction in progress	<u>2,172</u>	<u>13,488</u>	<u>-</u>	<u>15,660</u>
Total capital assets, not being depreciated	<u>339,147</u>	<u>14,488</u>	<u>-</u>	<u>353,635</u>
Capital assets, being depreciated:				
Structures and improvements	30,010,720	8,600	-	30,019,320
Machinery and equipment	1,277,439	52,317	-	1,329,756
Organization	<u>169,259</u>	<u>-</u>	<u>-</u>	<u>169,259</u>
Totals	<u>31,457,418</u>	<u>60,917</u>	<u>-</u>	<u>31,518,335</u>

LAGRANGE COUNTY REGIONAL UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
2006 (continued):				
Capital assets, being depreciated (continued):				
Less accumulated depreciation for:				
Structures and improvements	3,021,327	600,218	-	3,621,545
Machinery and equipment	269,619	57,308	-	326,927
Organization	29,104	3,386	-	32,490
	<u>3,320,050</u>	<u>660,912</u>	<u>-</u>	<u>3,980,962</u>
Totals				
Total capital assets, being depreciated, net	<u>28,137,368</u>	<u>(599,995)</u>	<u>-</u>	<u>27,537,373</u>
Total capital assets, net	<u>\$ 28,476,515</u>	<u>\$ (585,507)</u>	<u>\$ -</u>	<u>\$ 27,891,008</u>
2007:				
Capital assets, not being depreciated:				
Land	\$ 337,975	\$ -	\$ -	\$ 337,975
Construction in progress	15,660	3,567	-	19,227
	<u>353,635</u>	<u>3,567</u>	<u>-</u>	<u>357,202</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated:				
Structures and improvements	30,019,320	4,436	-	30,023,756
Machinery and equipment	1,329,756	30,807	-	1,360,563
Organization	169,259	-	-	169,259
	<u>31,518,335</u>	<u>35,243</u>	<u>-</u>	<u>31,553,578</u>
Totals				
Less accumulated depreciation for:				
Structures and improvements	3,621,545	600,389	-	4,221,934
Machinery and equipment	326,927	55,964	-	382,891
Organization	32,490	3,386	-	35,876
	<u>3,980,962</u>	<u>659,739</u>	<u>-</u>	<u>4,640,701</u>
Totals				
Total capital assets, being depreciated, net	<u>27,537,373</u>	<u>(624,496)</u>	<u>-</u>	<u>26,912,877</u>
Total capital assets, net	<u>\$ 27,891,008</u>	<u>\$ (620,929)</u>	<u>\$ -</u>	<u>\$ 27,270,079</u>

Depreciation expense in 2006 and 2007 was charged to functions/programs of the District as follows:

2006:	
District	<u>\$ 660,912</u>
2007:	
District	<u>\$ 659,739</u>

LAGRANGE COUNTY REGIONAL UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2007	Committed	Required Future Funding
Shipshewana Project	\$ 3,220,000	\$ 19,227	\$ 3,200,773	\$ -

D. Long-Term Liabilities

1. Revenue Bonds

The District issues bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds outstanding at year end are as follows:

Purpose	Interest Rates	Amount
1997 Construction of sewer works Region B	5.00%	\$ 10,693,000
1995 Construction of sewer works Region F	5.25%	1,102,000
2004 Construction of sewer works Region A	4.50%	4,982,000
Total		<u>\$ 16,777,000</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Wastewater Utility	
	Principal	Interest
2008	\$ 196,000	\$ 811,812
2009	203,000	801,859
2010	215,000	791,426
2011	227,000	780,406
2012	284,000	768,152
2013-2017	1,647,000	3,609,565
2018-2022	2,095,000	3,152,689
2023-2027	2,669,000	2,570,572
2028-2032	3,403,000	1,828,528
2033-2037	4,095,000	900,166
2038-2042	1,186,000	263,746
2043-2044	557,000	25,388
Totals	<u>\$ 16,777,000</u>	<u>\$ 16,304,309</u>

LAGRANGE COUNTY REGIONAL UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. State Revolving Loan Payable

Under the terms of the State Revolving Loan Fund, revenue bonds have been purchased by the Indiana Bond Bank, the proceeds of which are set aside to finance the construction of Wastewater Utility additions and improvements. Funds are loaned to the District as construction costs are accrued to the maximum allowed. The 1998 loan established a maximum draw of \$2,105,000. At the completion of construction, the outstanding principal balance of \$1,865,403 was amortized over a period of 20 years. Annual debt service requirements to maturity for the loans, including interest of \$414,645 as of December 31, 2007, for the year ended December 31, 2007 are as follows:

2008	\$ 23,695
2009	96,515
2010	96,730
2011	95,892
2012	96,003
2013-2017	480,195
2018-2019	<u>879,615</u>
 Total	 <u><u>\$ 1,768,645</u></u>

3. Loans Payable

The District has obtained a loan from LaGrange County for feasibility studies. A repayment schedule has not been determined. At December 31, 2007, the loan payable was \$40,645.

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2007, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2006:					
Revenue bonds payable	\$ 17,129,000	\$ -	\$ 166,000	\$ 16,963,000	\$ 186,000
State revolving loan payable	1,449,000	-	47,000	1,402,000	-
Loans payable	40,645	-	-	40,645	-
Compensated absences	-	20,380	-	20,380	-
	<u>-</u>	<u>20,380</u>	<u>-</u>	<u>20,380</u>	<u>-</u>
Total long-term liabilities	<u>\$ 18,618,645</u>	<u>\$ 20,380</u>	<u>\$ 213,000</u>	<u>\$ 18,426,025</u>	<u>\$ 186,000</u>
2007:					
Revenue bonds payable	\$ 16,963,000	\$ -	\$ 186,000	\$ 16,777,000	\$ 196,000
State revolving loan payable	1,402,000	-	48,000	1,354,000	-
Loans payable	40,645	-	-	40,645	-
Compensated absences	20,380	20,667	20,380	20,667	-
	<u>20,380</u>	<u>20,667</u>	<u>20,380</u>	<u>20,667</u>	<u>-</u>
Total long-term liabilities	<u>\$ 18,426,025</u>	<u>\$ 20,667</u>	<u>\$ 254,380</u>	<u>\$ 18,192,312</u>	<u>\$ 196,000</u>

LAGRANGE COUNTY REGIONAL UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Restricted Assets

The balances of restricted asset accounts in the enterprise funds are as follows:

Bond and interest	\$ 749,067
Debt service reserve	<u>984,429</u>
Total restricted assets	<u><u>\$ 1,733,496</u></u>

III. Other Information

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

During 1990, the District joined together with other governmental entities in the Indiana Public Employers Plan, Inc., (IPEP) a public entity risk pool currently operating as a common risk management and insurance program for member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of worker's compensation. The District pays an annual premium to the risk pool for its worker's compensation coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit.

B. Rate Structure

The current rate structure for Fish/Royer, Region B, and Fish/Stone was approved by the District on December 8, 1999, December 8, 1999, and June 17, 1998, respectively. The rate structure for Region A was approved by the District on September 8, 2004. The Utility has 2,989 customers.

C. Advances for Construction

Several lake associations advanced the District monies for feasibility studies. When the sewer systems are operational, money that each individual association member contributed will be refunded.

LAGRANGE COUNTY REGIONAL UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Pension Plan

Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The District has entered into an interlocal agreement with LaGrange County to include district employees in LaGrange County's 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 the 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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. The 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

E. Shipshewana Project

On March 12, 2008, the United States Department of Agriculture approved a loan of \$1,771,000 and a grant of \$1,449,000 to finance the Shipshewana Sewer Project.

F. Water Utility

The District is in the process of taking over the Water Utility at Fawn River Crossing when it is completed in 2009. LaGrange County is financing the Water Utility and will be turning it over to the District to operate.

LAGRANGE COUNTY REGIONAL UTILITY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 16, 2008, with Bob Jarolim, Treasurer; Jack Dold, President of the Board; and Heidi Sisco, Interim District Administrative Manager. Our audit disclosed no material items that warrant comment at this time.