

**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, 2007 to December 31, 2008



**FILED**  
11/04/2009



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OFFICIALS

Office

Official

Term

Treasurer

Jonathan G. Oswald

01-01-07 to 12-31-09

President of the Board  
of Trustees

Joseph Skelton

01-01-07 to 12-31-09



**STATE OF INDIANA**  
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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, 2007 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, 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 Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a 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

October 8, 2009

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, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Proprietary Funds:				
Operating	\$ 208,798	\$ 100,000	\$ 100,086	\$ 208,712
Bond and interest	<u>335,049</u>	<u>349,344</u>	<u>285,939</u>	<u>398,454</u>
Totals	<u>\$ 543,847</u>	<u>\$ 449,344</u>	<u>\$ 386,025</u>	<u>\$ 607,166</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Proprietary Funds:				
Operating	\$ 208,712	\$ 226,000	\$ 231,018	\$ 203,694
Bond and interest	<u>398,454</u>	<u>346,010</u>	<u>286,269</u>	<u>458,195</u>
Totals	<u>\$ 607,166</u>	<u>\$ 572,010</u>	<u>\$ 517,287</u>	<u>\$ 661,889</u>

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

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 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  
 As Of December 31, 2008

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	31,146	115,999
Improvements other than buildings	4,647,346	728,438	3,918,908
Machinery and equipment	<u>247,149</u>	<u>104,887</u>	<u>142,262</u>
Total business-type activities capital assets	<u>\$ 5,262,798</u>	<u>\$ 864,471</u>	<u>\$ 4,398,327</u>

LAKE OF THE WOODS REGIONAL SEWER DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

Description of Asset	Ending Balance	Principal and Interest Due Within One Year
Business-type activities:		
Notes and loans payable:		
State Revolving Fund - construction and financing of sewage works	\$ <u>879,000</u>	\$ <u>186,580</u>

LAKE OF THE WOODS REGIONAL SEWER DISTRICT  
EXAMINATION RESULT AND COMMENT

ANNUAL REPORT

The 2007 and 2008 Annual Report contained errors that included incorrect beginning and ending balances, and incorrect receipts and disbursements by fund. A similar comment was in the prior Reports B25785 and B30212.

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 2)

LAKE OF THE WOODS REGIONAL SEWER DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on October 8, 2009, with Joseph Skelton, President of the Board of Trustees; and Christine Egenlauf, Office Manager. The officials concurred with our finding.