

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

WEST LAKES REGIONAL SEWER DISTRICT

NOBLE COUNTY, INDIANA

January 1, 2010 to December 31, 2014



**FILED**  
11/20/2015



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Report.....	3
Financial Statements and Accompanying Notes:	
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	6-7
Notes to Financial Statements.....	8-10
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	12-16
Schedule of Payables and Receivables .....	17
Schedule of Leases and Debt .....	18
Schedule of Capital Assets.....	19
Other Reports.....	20

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cynthia Wick	01-01-10 to 12-31-15
President of the Board	T. Craig Miller	01-01-10 to 12-31-15



**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 THE WEST LAKES REGIONAL SEWER DISTRICT, NOBLE COUNTY, INDIANA

We have examined the accompanying financial statements of the West Lakes Regional Sewer District (District), for the period of January 1, 2010 to December 31, 2014. The financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the District for the period of January 1, 2010 to December 31, 2014.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the District for the period of January 1, 2010 to December 31, 2014, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the District's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

September 16, 2015

(This page intentionally left blank.)

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were approved by management of the District.  
The financial statements and notes are presented as intended by the District.

WEST LAKES REGIONAL SEWER DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2010, 2011, and 2012

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ 100,000
Construction	64,448	-	64,448	-	-	-	-	-	-	-
Bond and Interest	111,780	224,054	224,065	111,769	224,971	224,023	112,717	223,765	224,878	111,604
Cash Operating	33,994	395,261	374,526	54,729	398,768	376,861	76,636	401,111	468,765	8,982
Debt Service	56,008	22,403	-	78,411	22,403	-	100,814	22,403	-	123,217
<b>Totals</b>	<u>\$ 266,230</u>	<u>\$ 641,718</u>	<u>\$ 663,039</u>	<u>\$ 244,909</u>	<u>\$ 646,142</u>	<u>\$ 600,884</u>	<u>\$ 290,167</u>	<u>\$ 747,279</u>	<u>\$ 693,643</u>	<u>\$ 343,803</u>

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

WEST LAKES REGIONAL SEWER DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
Depreciation	\$ 100,000	\$ 10,000	\$ -	\$ 110,000	\$ -	\$ -	\$ 110,000
Bond and Interest	111,604	223,537	222,651	112,490	224,186	224,382	112,294
Cash Operating	8,982	393,808	386,632	16,158	396,603	398,021	14,740
Debt Service	123,217	22,403	-	145,620	22,404	-	168,024
Totals	<u>\$ 343,803</u>	<u>\$ 649,748</u>	<u>\$ 609,283</u>	<u>\$ 384,268</u>	<u>\$ 643,193</u>	<u>\$ 622,403</u>	<u>\$ 405,058</u>

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

WEST LAKES REGIONAL SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

**Note 1. 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 governing board.

The accompanying financial statements present the financial information for the District.

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include the following sources:

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

WEST LAKES REGIONAL SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the District. It includes all expenditures for the reduction of the principal and interest of the District's general obligation indebtedness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The District may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the District. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the District. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the District in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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 3. Risk Management**

The District may be 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; medical benefits to employees, retirees, and dependents; and natural disasters.

WEST LAKES REGIONAL SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the District to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

#### OTHER INFORMATION - UNAUDITED

The District's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

The District's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the District which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The other information presented was approved by management of the District. It is presented as intended by the District.

WEST LAKES REGIONAL SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	<u>Construction</u>	<u>Bond and Interest</u>	<u>Cash Operating</u>	<u>Debt Service</u>	<u>Totals</u>
Cash and investments - beginning	\$ 64,448	\$ 111,780	\$ 33,994	\$ 56,008	\$ 266,230
Receipts:					
Utility fees	-	-	391,686	-	391,686
Penalties	-	-	-	-	-
Other receipts	-	224,054	3,575	22,403	250,032
Total receipts	<u>-</u>	<u>224,054</u>	<u>395,261</u>	<u>22,403</u>	<u>641,718</u>
Disbursements:					
Personal services	-	-	1,800	-	1,800
Debt service - principal and interest	-	224,065	-	-	224,065
Utility operating expenses	-	-	126,268	-	126,268
Other disbursements	64,448	-	246,458	-	310,906
Total disbursements	<u>64,448</u>	<u>224,065</u>	<u>374,526</u>	<u>-</u>	<u>663,039</u>
Excess (deficiency) of receipts over disbursements	<u>(64,448)</u>	<u>(11)</u>	<u>20,735</u>	<u>22,403</u>	<u>(21,321)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 111,769</u>	<u>\$ 54,729</u>	<u>\$ 78,411</u>	<u>\$ 244,909</u>

WEST LAKES REGIONAL SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2011

	<u>Bond and Interest</u>	<u>Cash Operating</u>	<u>Debt Service</u>	<u>Totals</u>
Cash and investments - beginning	\$ 111,769	\$ 54,729	\$ 78,411	\$ 244,909
Receipts:				
Utility fees	-	395,325	-	395,325
Penalties	-	1,455	-	1,455
Other receipts	<u>224,971</u>	<u>1,988</u>	<u>22,403</u>	<u>249,362</u>
Total receipts	<u>224,971</u>	<u>398,768</u>	<u>22,403</u>	<u>646,142</u>
Disbursements:				
Personal services	-	1,800	-	1,800
Other services and charges	-	7,679	-	7,679
Debt service - principal and interest	224,023	-	-	224,023
Utility operating expenses	-	120,008	-	120,008
Other disbursements	<u>-</u>	<u>247,374</u>	<u>-</u>	<u>247,374</u>
Total disbursements	<u>224,023</u>	<u>376,861</u>	<u>-</u>	<u>600,884</u>
Excess of receipts over disbursements	<u>948</u>	<u>21,907</u>	<u>22,403</u>	<u>45,258</u>
Cash and investments - ending	<u>\$ 112,717</u>	<u>\$ 76,636</u>	<u>\$ 100,814</u>	<u>\$ 290,167</u>

WEST LAKES REGIONAL SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2012

	Depreciation	Bond and Interest	Cash Operating	Debt Service	Totals
Cash and investments - beginning	\$ -	\$ 112,717	\$ 76,636	\$ 100,814	\$ 290,167
Receipts:					
Utility fees	-	-	377,289	-	377,289
Penalties	-	-	1,536	-	1,536
Other receipts	100,000	223,765	22,286	22,403	368,454
Total receipts	100,000	223,765	401,111	22,403	747,279
Disbursements:					
Personal services	-	-	1,800	-	1,800
Other services and charges	-	-	8,394	-	8,394
Debt service - principal and interest	-	224,878	-	-	224,878
Utility operating expenses	-	-	112,403	-	112,403
Other disbursements	-	-	346,168	-	346,168
Total disbursements	-	224,878	468,765	-	693,643
Excess (deficiency) of receipts over disbursements	100,000	(1,113)	(67,654)	22,403	53,636
Cash and investments - ending	\$ 100,000	\$ 111,604	\$ 8,982	\$ 123,217	\$ 343,803

WEST LAKES REGIONAL SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013

	<u>Depreciation</u>	<u>Bond and Interest</u>	<u>Cash Operating</u>	<u>Debt Service</u>	<u>Totals</u>
Cash and investments - beginning	\$ 100,000	\$ 111,604	\$ 8,982	\$ 123,217	\$ 343,803
Receipts:					
Utility fees	-	-	383,789	-	383,789
Other receipts	<u>10,000</u>	<u>223,537</u>	<u>10,019</u>	<u>22,403</u>	<u>265,959</u>
Total receipts	<u>10,000</u>	<u>223,537</u>	<u>393,808</u>	<u>22,403</u>	<u>649,748</u>
Disbursements:					
Personal services	-	-	31,763	-	31,763
Other services and charges	-	-	7,905	-	7,905
Debt service - principal and interest	-	222,651	-	-	222,651
Utility operating expenses	-	-	91,024	-	91,024
Other disbursements	<u>-</u>	<u>-</u>	<u>255,940</u>	<u>-</u>	<u>255,940</u>
Total disbursements	<u>-</u>	<u>222,651</u>	<u>386,632</u>	<u>-</u>	<u>609,283</u>
Excess of receipts over disbursements	<u>10,000</u>	<u>886</u>	<u>7,176</u>	<u>22,403</u>	<u>40,465</u>
Cash and investments - ending	<u>\$ 110,000</u>	<u>\$ 112,490</u>	<u>\$ 16,158</u>	<u>\$ 145,620</u>	<u>\$ 384,268</u>

WEST LAKES REGIONAL SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014

	<u>Depreciation</u>	<u>Bond and Interest</u>	<u>Cash Operating</u>	<u>Debt Service</u>	<u>Totals</u>
Cash and investments - beginning	\$ 110,000	\$ 112,490	\$ 16,158	\$ 145,620	\$ 384,268
Receipts:					
Utility fees	-	-	393,179	-	393,179
Other receipts	-	224,186	3,424	22,404	250,014
Total receipts	-	224,186	396,603	22,404	643,193
Disbursements:					
Personal services	-	-	67,971	-	67,971
Other services and charges	-	-	12,184	-	12,184
Debt service - principal and interest	-	224,382	-	-	224,382
Utility operating expenses	-	-	62,007	-	62,007
Other disbursements	-	-	255,859	-	255,859
Total disbursements	-	224,382	398,021	-	622,403
Excess (deficiency) of receipts over disbursements	-	(196)	(1,418)	22,404	20,790
Cash and investments - ending	<u>\$ 110,000</u>	<u>\$ 112,294</u>	<u>\$ 14,740</u>	<u>\$ 168,024</u>	<u>\$ 405,058</u>

WEST LAKES REGIONAL SEWER DISTRICT  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Sewer	<u>\$ 112,434</u>	<u>\$ 12,418</u>

WEST LAKES REGIONAL SEWER DISTRICT  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2014

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
State Revolving Loan Funds	Wastewater Treatment Facility Construction	<u>\$ 3,990,000</u>	<u>\$ 223,731</u>

WEST LAKES REGIONAL SEWER DISTRICT  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2014

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.

	Ending Balance
Land	\$ 165,000
Infrastructure	4,166,675
Buildings	2,185,400
Machinery, equipment, and vehicles	342,790
Total capital assets	\$ 6,859,865

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the District. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.