

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
LAOTTO REGIONAL SEWER DISTRICT
NOBLE COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
7/19/06

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Linda L. Kiester	01-01-04 to 12-31-06
President of the Board	Phillip Troyer	01-01-04 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of the LaOtto Regional Sewer District (District), for the period of January 1, 2004 to December 31, 2005. The District's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the District for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 12, 2006

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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Proprietary Funds:				
Operating	\$ 55,439	\$ 133,679	\$ 98,620	\$ 90,498
Bond and Interest	78,034	24,591	67,575	35,050
Reserve	-	50,463	-	50,463
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 133,473</u>	<u>\$ 208,733</u>	<u>\$ 166,195</u>	<u>\$ 176,011</u>
	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Proprietary Funds:				
Operating	\$ 90,498	\$ 117,873	\$ 99,416	\$ 108,955
Bond and Interest	35,050	68,525	68,900	34,675
Reserve	50,463	6,804	-	57,267
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 176,011</u>	<u>\$ 193,202</u>	<u>\$ 168,316</u>	<u>\$ 200,897</u>

The accompanying notes are an integral part of the schedules.

LAOTTO REGIONAL SEWER DISTRICT
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
BY SOURCES AND USES - PROPRIETARY FUNDS
As of And For The Years Ended December 31, 2004 and 2005

	<u>2004</u>	<u>2005</u>
	Wastewater Utility	Wastewater Utility
Operating receipts:		
Flat rate receipts	\$ 126,502	\$ 113,564
Penalties	<u>1,190</u>	<u>1,204</u>
Total operating receipts	<u>127,692</u>	<u>114,768</u>
Operating disbursements:		
Salaries and wages	14,027	9,205
Purchased power	1,239	1,651
Office supplies	1,511	830
Contractual services	2,912	9,103
Insurance disbursements	2,474	2,405
Other	<u>1,404</u>	<u>893</u>
Total operating disbursements	<u>23,567</u>	<u>24,087</u>
Excess of receipts over disbursements	<u>104,125</u>	<u>90,681</u>
Nonoperating receipts (disbursements):		
Interest receipts	1,389	1,650
Miscellaneous receipts	1,529	1,455
Unmetered receipts	3,070	-
Debt service principal	(13,000)	(15,000)
Interest disbursements	<u>(54,575)</u>	<u>(53,900)</u>
Total nonoperating receipts (disbursements)	<u>(61,587)</u>	<u>(65,795)</u>
Excess of receipts over disbursements and nonoperating receipts (disbursements)	42,538	24,886
Transfers in	75,054	75,329
Transfers out	<u>(75,054)</u>	<u>(75,329)</u>
Excess of receipts, contributions and transfers in over disbursements and transfers out	42,538	24,886
Cash basis fund balance - beginning	<u>133,473</u>	<u>176,011</u>
Cash basis fund balance - ending	<u>\$ 176,011</u>	<u>\$ 200,897</u>

The accompanying notes are an integral part of the schedules.

LAOTTO REGIONAL SEWER DISTRICT
NOTES TO SCHEDULES

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides the following services: public safety, health and social services, culture and recreation, and general administrative 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.

Note 4. Long-Term Debt

The District issued Revenue Bonds in 1997 for \$1,154,200. The outstanding principal at December 31, 2005, was \$1,067,000.

LAOTTO REGIONAL SEWER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2005

<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
EXIT CONFERENCE

The contents of this report were discussed on June 12, 2006, with Linda L. Kiester, Treasurer. Our examination disclosed no material items that warrant comment at this time.