

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

EXAMINATION REPORT
OF
SKINNER LAKE 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	Lon A. Vandegrift	01-01-06 to 12-31-08



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Skinner Lake 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

SKINNER LAKE 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	\$ 5,100	\$ 86,295	\$ 88,720	\$ 2,675
Bond and Interest	29,475	47,900	37,103	40,272
Reserve	23,040	3,840	-	26,880
Improvement	20,225	-	-	20,225
Totals	<u>\$ 77,840</u>	<u>\$ 138,035</u>	<u>\$ 125,823</u>	<u>\$ 90,052</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Proprietary Funds:				
Operating	\$ 2,675	\$ 81,888	\$ 52,034	\$ 32,529
Bond and Interest	40,272	11,863	37,675	14,460
Reserve	26,880	3,840	-	30,720
Improvement	20,225	-	-	20,225
Totals	<u>\$ 90,052</u>	<u>\$ 97,591</u>	<u>\$ 89,709</u>	<u>\$ 97,934</u>

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

SKINNER LAKE 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.

SKINNER LAKE REGIONAL SEWER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 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	\$ 7,788
Buildings	133,763
Improvements other than buildings	1,398,570
Machinery and equipment	<u>6,717</u>
 Total business-type activities capital assets	 <u>\$ 1,546,838</u>

SKINNER LAKE 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:		
\$685,000 1997 Sewage Works Improvements	\$ 610,000	\$ 37,225

SKINNER LAKE 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."

INVESTMENT REGISTER

An Investment Register, General Form 350, was not maintained. Verification of the District's bank reconciliation was difficult without an investment register.

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 10)

SKINNER LAKE 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.