

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

EXAMINATION REPORT
OF
TRI-LAKES REGIONAL SEWER DISTRICT
WHITLEY COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
12/28/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Supplementary Information:	
Schedule of Capital Assets.....	6
Schedule of Long-Term Debt	7
Examination Result and Comment:	
Condition of Records	8
Exit Conference.....	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
District Manager	Arnella L. Mann	01-01-07 to 12-31-10
Treasurer	Janet L. Moss	01-01-07 to 12-31-10
President of the Board	Mike Martin Renee M. Erickson	01-01-07 to 12-31-09 01-01-10 to 12-31-10



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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TRI-LAKES REGIONAL
SEWER DISTRICT, WHITLEY COUNTY, INDIANA

We have examined the financial information presented herein of the Tri-Lakes Regional Sewer District (District), for the period of January 1, 2007 to December 31, 2009. 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, 2008, and 2009, 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

November 10, 2010

TRI-LAKES REGIONAL SEWER DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Proprietary Funds:				
Operating	\$ 51,985	\$ 1,480,622	\$ 1,460,312	\$ 72,295
Bond and Interest	1,104,126	425,528	1,103,355	426,299
Depreciation	355,602	144,398	-	500,000
Construction	96,734	-	96,734	-
Fiduciary Fund:				
Payroll	648	10,759	10,402	1,005
Totals	<u>\$ 1,609,095</u>	<u>\$ 2,061,307</u>	<u>\$ 2,670,803</u>	<u>\$ 999,599</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Proprietary Funds:				
Operating	\$ 72,295	\$ 731,927	\$ 727,529	\$ 76,693
Bond and Interest	426,299	381,533	362,244	445,588
Depreciation	500,000	-	-	500,000
Fiduciary Fund:				
Payroll	1,005	13,438	13,022	1,421
Totals	<u>\$ 999,599</u>	<u>\$ 1,126,898</u>	<u>\$ 1,102,795</u>	<u>\$ 1,023,702</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Proprietary Funds:				
Operating	\$ 76,693	\$ 891,089	\$ 791,928	\$ 175,854
Bond and Interest	445,588	407,275	514,889	337,974
Depreciation	500,000	-	-	500,000
Fiduciary Fund:				
Payroll	1,421	13,909	13,853	1,477
Totals	<u>\$ 1,023,702</u>	<u>\$ 1,312,273</u>	<u>\$ 1,320,670</u>	<u>\$ 1,015,305</u>

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

TRI-LAKES 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 and provides wastewater treatment 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.

TRI-LAKES REGIONAL SEWER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2009

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
Business-type activities:	
Capital assets, not being depreciated:	
Land	\$ 284,726
Buildings	134,515
Improvements other than buildings	13,550,541
Machinery and equipment	80,435
 Total business-type activities, capital assets not being depreciated	 \$ 14,050,217

TRI-LAKES REGIONAL SEWER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The 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:		
Refunding Revenue Bonds of 2007	\$ 4,175,000	\$ 179,554

TRI-LAKES REGIONAL SEWER DISTRICT
EXAMINATION RESULT AND COMMENT

CONDITION OF RECORDS

The following deficiencies were noted during the examination period:

- (1) Reconcilements of the record balances to depository balances for the years 2007 and 2008 contained unidentified reconciling items.

IC 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

- (2) There were a considerable number of posting errors. These errors included deposits not receipted, checks and receipts not recorded in the proper amounts, interest not posted, and nonsufficient funds checks incorrectly posted.

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)

TRI-LAKES REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on November 10, 2010, with Renee M. Erickson, President of the Board, and Arnella L. Mann, District Manager. The officials concurred with our finding.