

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

EXAMINATION REPORT
OF
TURKEY CREEK REGIONAL SEWER DISTRICT
KOSCIUSKO COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
10/13/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Office Manager	Jane A. Fry	01-01-04 to 12-31-06
Superintendent	Timothy Woodward	01-01-04 to 12-31-06
Treasurer	Robert A. Dumford R. Douglas Grant	01-01-04 to 12-31-04 01-01-05 to 12-31-06
President of the Board	Larry R. Clodfelter	01-01-04 to 12-31-06



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AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TURKEY CREEK REGIONAL
SEWER DISTRICT, KOSCIUSKO COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Turkey Creek 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

August 23, 2006

TURKEY CREEK 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:				
Wastewater Utility:				
General	\$ 403,377	\$ 656,742	\$ 859,819	\$ 200,300
Bond and Interest	439,807	428,282	400,271	467,818
Improvement	39,123	715,335	713,234	41,224
Buttermilk Dedicated	34,546	341	-	34,887
Water Utility:				
General	57,936	58,666	55,255	61,347
Customer Security Deposit	5,475	800	1,375	4,900
Totals	<u>\$ 980,264</u>	<u>\$ 1,860,166</u>	<u>\$ 2,029,954</u>	<u>\$ 810,476</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Proprietary Funds:				
Wastewater Utility:				
General	\$ 200,300	\$ 1,048,503	\$ 548,503	\$ 700,300
Bond and Interest	467,818	467,148	446,752	488,214
Improvement	41,224	1,638,857	1,530,565	149,516
Buttermilk Dedicated	34,887	826	-	35,713
Construction	-	1,489,500	1,489,500	-
Water Utility:				
General	61,347	55,007	48,849	67,505
Customer Security Deposit	4,900	600	971	4,529
Totals	<u>\$ 810,476</u>	<u>\$ 4,700,441</u>	<u>\$ 4,065,140</u>	<u>\$ 1,445,777</u>

The accompanying notes are an integral part of the schedules.

TURKEY CREEK REGIONAL SEWER DISTRICT
NOTES TO SCHEDULES

Note 1. Introduction

The Turkey Creek Regional Sewer District (Sewer District) was established pursuant to Indiana Code 8-1-2-83. The Sewer District is governed by a Board of Trustees, and provides the following services: water distribution and wastewater removal.

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 has entered into revenue bonds, loans and a bond anticipation note in 2005. The outstanding principal at December 31, 2005, was \$1,160,000, \$2,741,022, and \$1,500,000, respectively.

Note 5. Subsequent Event

The Wastewater Utility borrowed \$1,500,000 in 2005 in anticipation of issuing bonds. At the end of 2005, the loan was renewed for a two year period with an interest rate of 4%.

TURKEY CREEK REGIONAL SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST AND OTHER CHARGES

Penalties and interest totaling \$56.36 were paid to the Indiana Department of Revenue on January 10, 2005, and February 23, 2006, for the periods November 2004 and November 2005, respectively, for late submission of sales tax collections.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

NO FORMAL CAPITALIZATION AND DEPRECIATION POLICY

The unit does not have a written policy for capitalization of capital assets indicating scope and commencement of depreciation expense. This comment was a part of the previous Report B23577.

The governing body should establish a capitalization policy that sets a dollar amount as a threshold to be used in determining which items will be recorded. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Page 16-23)

Compliance is required, as applicable, with generally accepted accounting principles, and standards issued by the Governmental Accounting Standards Board, Financial Accounting Standards Board, and other standards setting bodies and also with various accounting guides, manuals and other publications. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Page 10-15)

TURKEY CREEK REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on August 23, 2006, with Larry R. Clodfelter, President of the Board; R. Douglas Grant, Treasurer; and Jane A. Fry, Office Manager. The officials concurred with our findings.