

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

EXAMINATION REPORT  
OF  
K AND H REGIONAL SEWER DISTRICT  
CLAY COUNTY, INDIANA  
January 1, 2007 to December 31, 2008



**FILED**  
08/24/2009



## 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:	
Payroll Deductions.....	8
Exit Conference.....	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Office Manager	Linda Minnick	01-01-07 to 12-31-09
President of the Utility Service Board	James D. Minnick	01-01-07 to 12-31-09
Treasurer	Scott Sneddon	01-01-07 to 12-31-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE K AND H REGIONAL SEWER DISTRICT, CLAY COUNTY, INDIANA

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

July 28, 2009

K AND H 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, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Proprietary Funds:				
Wastewater Utility - Operating	\$ 325,469	\$ 441,930	\$ 390,804	\$ 376,595
Wastewater Utility - Sinking	224	97,370	89,812	7,782
Wastewater Utility - Debt Service Reserve	164,913	2,843	-	167,756
Wastewater Utility - Construction	56,016	-	-	56,016
Totals	<u>\$ 546,622</u>	<u>\$ 542,143</u>	<u>\$ 480,616</u>	<u>\$ 608,149</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Proprietary Funds:				
Wastewater Utility - Operating	\$ 376,595	\$ 353,894	\$ 400,501	\$ 329,988
Wastewater Utility - Sinking	7,782	88,080	88,057	7,805
Wastewater Utility - Debt Service Reserve	167,756	4,741	-	172,497
Wastewater Utility - Construction	56,016	-	-	56,016
Totals	<u>\$ 608,149</u>	<u>\$ 446,715</u>	<u>\$ 488,558</u>	<u>\$ 566,306</u>

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

K AND H 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 utility 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 (Indiana Code 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.

K AND H REGIONAL SEWER DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
For The Year Ended December 31, 2008

General infrastructure assets completed in the current and prior years have been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Wastewater Utility:	
Capital assets, net of accumulated depreciation:	
Improvements other than buildings	<u>\$ 2,470,267</u>

K AND H REGIONAL SEWER DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

The District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Wastewater Utility:		
Revenue Bonds:		
Sewage Works Improvement	\$ 895,000	\$ 20,651

K AND H REGIONAL SEWER DISTRICT  
EXAMINATION RESULT AND COMMENT

PAYROLL DEDUCTIONS

Payments were made to all employees without payroll deductions for state and local taxes.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

K AND H REGIONAL SEWER DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on July 28, 2009, with Linda Minnick, Office Manager. The official concurred with our finding.