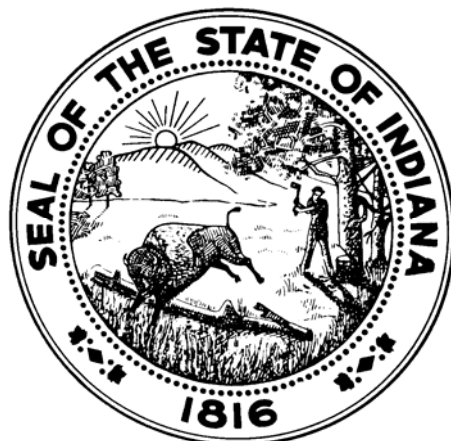


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
SKINNER LAKE 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	Lon A. Vandegrift	01-01-04 to 12-31-06



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

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Skinner Lake 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

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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Proprietary Funds:				
Operating	\$ 1,903	\$ 75,865	\$ 73,905	\$ 3,863
Bond and Interest	22,536	35,031	36,890	20,677
Reserve	15,360	3,840	-	19,200
Improvement	30,719	-	-	30,719
Totals	<u>\$ 70,518</u>	<u>\$ 114,736</u>	<u>\$ 110,795</u>	<u>\$ 74,459</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Proprietary Funds:				
Operating	\$ 3,863	\$ 88,986	\$ 87,749	\$ 5,100
Bond and Interest	20,677	46,305	37,507	29,475
Reserve	19,200	3,840	-	23,040
Improvement	30,719	-	10,494	20,225
Totals	<u>\$ 74,459</u>	<u>\$ 139,131</u>	<u>\$ 135,750</u>	<u>\$ 77,840</u>

The accompanying notes are an integral part of the schedules.

SKINNER LAKE 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

	2004	2005
Operating receipts:		
Flat rate receipts	\$ 74,115	\$ 76,648
Penalties	896	958
Total operating receipts	75,011	77,606
Operating disbursements:		
Salaries and wages	9,526	10,441
Purchased power	3,154	3,398
Purchased wastewater treatment	7,848	7,328
Materials and supplies	1,759	878
Contractual services	6,700	6,900
Insurance disbursements	1,958	2,015
Other	4,088	6,643
Total operating disbursements	35,033	37,603
Excess of receipts over disbursements	39,978	40,003
Nonoperating receipts (disbursements):		
Interest receipts	853	886
Debt service principal	(8,000)	(9,000)
Interest disbursements	(28,890)	(28,508)
Total nonoperating receipts (disbursements)	(36,037)	(36,622)
Excess of receipts over disbursements and nonoperating receipts (disbursements)	3,941	3,381
Transfers in	38,873	60,639
Transfers out	(38,873)	(60,639)
Excess of receipts, contributions and transfers in over disbursements and transfers out	3,941	3,381
Cash basis fund balance - beginning	70,518	74,459
Cash basis fund balance - ending	\$ 74,459	\$ 77,840

The accompanying notes are an integral part of the schedules.

SKINNER LAKE 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: wastewater collection and disposal.

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 \$685,000. The outstanding principal at December 31, 2005, was \$629,000.

SKINNER LAKE 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	\$ 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
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.