

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

EXAMINATION REPORT
OF
K AND H REGIONAL SEWER DISTRICT
CLAY COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
7/21/06

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Office Manager	Linda Minnick	01-01-04 to 12-31-06
President of the Utility Service Board	Jack Sneddon	01-01-04 to 04-10-04
	Vacant	04-11-04 to 04-21-04
	Jim Minnick	04-22-04 to 12-31-06
Treasurer	Scott Sneddon	01-01-04 to 12-31-06



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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 schedules of receipts, disbursements, and cash and investment balances of the K and H 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 15, 2006

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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Proprietary Funds:				
Wastewater Utility - Operating	\$ 143,553	\$ 326,532	\$ 295,339	\$ 174,746
Wastewater Utility - Sinking	72	87,960	87,870	162
Wastewater Utility - Debt Service Reserve	158,869	1,675	-	160,544
Wastewater Utility - Construction	56,016	-	-	56,016
Totals	<u>\$ 358,510</u>	<u>\$ 416,167</u>	<u>\$ 383,209</u>	<u>\$ 391,468</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Proprietary Funds:				
Wastewater Utility - Operating	\$ 174,746	\$ 367,117	\$ 282,316	\$ 259,547
Wastewater Utility - Sinking	162	87,000	86,969	193
Wastewater Utility - Debt Service Reserve	160,544	1,887	-	162,431
Wastewater Utility - Construction	56,016	-	-	56,016
Totals	<u>\$ 391,468</u>	<u>\$ 456,004</u>	<u>\$ 369,285</u>	<u>\$ 478,187</u>

The accompanying notes are an integral part of the schedules.

K AND H 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 service: wastewater utility.

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 a Bond for Wastewater Construction. The outstanding principal at December 31, 2005, was \$1,030,000.

K AND H REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on June 15, 2006, with Linda Minnick, Office Manager. Our examination disclosed no material items that warrant comment at this time.