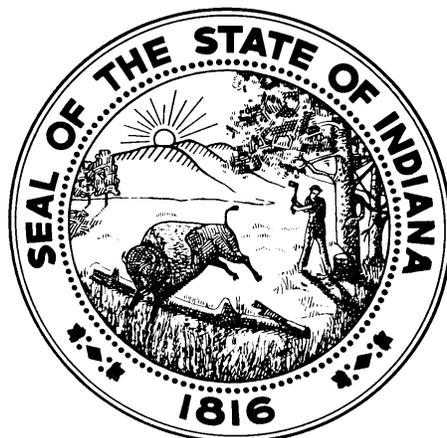


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF

RURAL HUNTINGTON REGIONAL  
WATER AND SEWER DISTRICT  
HUNTINGTON COUNTY, INDIANA

January 1, 2005 to December 31, 2007



**FILED**  
06/04/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	James D. Wall	01-01-05 to 12-31-08
President of the District Board	James E. Smith	01-01-05 to 12-31-05
	Bruce A. Stanton	01-01-06 to 12-31-08



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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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF RURAL HUNTINGTON REGIONAL WATER  
AND SEWER DISTRICT, HUNTINGTON COUNTY, INDIANA

We have examined the financial information presented herein of Rural Huntington Regional Water and Sewer District (District), for the period of January 1, 2005 to December 31, 2007. 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, 2005, 2006 and 2007, 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 a required part 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

May 20, 2008

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL PROPRIETARY FUND TYPES  
As Of And For The Years Ended December 31, 2005, 2006, And 2007

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Proprietary Fund: Construction	<u>\$ -</u>	<u>\$ 500,080</u>	<u>\$ 321,297</u>	<u>\$ 178,783</u>
	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Proprietary Fund: Construction	<u>\$ 178,783</u>	<u>\$ 6,455</u>	<u>\$ 21,134</u>	<u>\$ 164,104</u>
	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Proprietary Fund: Construction	<u>\$ 164,104</u>	<u>\$ 3,056</u>	<u>\$ 139,944</u>	<u>\$ 27,216</u>

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

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District will provide services for the collection, treatment, and disposal of sewage inside the district, and will supply drinking water to the Yakes Subdivision and surrounding area.

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. Subsequent Event

In 2008, the District will receive bids for the construction of sewage works. The estimated cost of the project is \$3,374,000. Anticipated funding for the project will be from the issuance of Revenue Bonds and a grant from the United States Department of Agriculture, acting through Rural Development.

RURAL HUNTINGTON WATER AND SEWER DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

December 31, 2007

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water and Sewer District:	
Capital assets, not being depreciated:	
Land and easements	<u>\$ 17,436</u>

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2007

The District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Water and Sewer District:		
Bond Anticipation Note:		
Sewer Project	\$ 400,000	\$ 421,760

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT  
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

Minutes of meetings of the governing body were not prepared.

Indiana Code 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5."

PRESCRIBED FORMS

The records used to account for cash receipts, disbursements and balances were not prescribed by the State Board of Accounts.

Indiana Code 13-26-7-1 states: "Each district must keep proper records showing the district's finances." The district is encouraged to use the chart of accounts and accounting system prescribed by the State Board of Accounts for use by municipal utilities as outlined in Chapter 23 of this manual. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 2)

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on May 20, 2008, with James D. Wall, Treasurer; Bruce A. Stanton, President of the District Board; and John Shields, District Board member.