

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

EXAMINATION REPORT

OF

ARLINGTON REGIONAL WATER AND SEWER DISTRICT

HUNTINGTON COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
09/28/2006

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---------------------------------|---------------------|----------------------|
| Treasurer | Scott Trauner | 01-01-04 to 12-31-06 |
| President of the District Board | Alan Brown | 01-01-04 to 12-31-04 |
| | Patricia G. Pickell | 01-01-05 to 12-31-06 |



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Arlington Regional Water and 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

September 11, 2006

ARLINGTON 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, 2004 And 2005

| | Cash and Investments 01-01-04 | Receipts | Disbursements | Cash and Investments 12-31-04 |
|----------------------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Proprietary Funds: | | | | |
| Operating | \$ 12,733 | \$ 48,148 | \$ 40,945 | \$ 19,936 |
| Water Bond and Interest | 1,410 | 15,492 | 14,176 | 2,726 |
| Wastewater Bond and Interest | 1,254 | 13,770 | 12,353 | 2,671 |
| Water Debt Service Reserve | 241 | 7,185 | 3,000 | 4,426 |
| Wastewater Debt Service Reserve | 206 | 6,720 | 2,850 | 4,076 |
| Construction | 11,026 | 12,350 | 23,376 | - |
| Water Equipment Replacement | 2,016 | - | 2,016 | - |
| Wastewater Equipment Replacement | 2,016 | - | 2,016 | - |
| Totals | <u>\$ 30,902</u> | <u>\$ 103,665</u> | <u>\$ 100,732</u> | <u>\$ 33,835</u> |
| | | | | |
| | Cash and Investments 01-01-05 | Receipts | Disbursements | Cash and Investments 12-31-05 |
| Proprietary Funds: | | | | |
| Operating | \$ 19,936 | \$ 64,124 | \$ 80,673 | \$ 3,387 |
| Water Bond and Interest | 2,726 | 14,184 | 13,903 | 3,007 |
| Wastewater Bond and Interest | 2,671 | 12,360 | 12,109 | 2,922 |
| Water Debt Service Reserve | 4,426 | 5,630 | - | 10,056 |
| Wastewater Debt Service Reserve | 4,076 | 4,214 | - | 8,290 |
| Totals | <u>\$ 33,835</u> | <u>\$ 100,512</u> | <u>\$ 106,685</u> | <u>\$ 27,662</u> |

The accompanying notes are an integral part of the schedules.

ARLINGTON REGIONAL WATER AND 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: water and wastewater.

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 issued revenue bonds for the construction of a water utility and wastewater utility. The outstanding principal at December 31, 2005, was \$170,000 (water), and \$143,000 (wastewater).

ARLINGTON REGIONAL WATER AND SEWER DISTRICT
EXAMINATION RESULT AND COMMENT

PRESCRIBED FORMS

The Arlington Regional Water and Sewer District does not use the following prescribed forms:

Form 311 Utility Receipt
Form 353 Check
Form 354 Claim
Form 358 Ledger of Receipts, Disbursements, and Balances

No forms used in lieu of any of these forms have been approved. The District does not issue any receipts or use claim forms. Disbursements are approved in total at the monthly board meetings.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 22)

ARLINGTON REGIONAL WATER AND SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on September 11, 2006, with Scott Trauner, Treasurer; and Patricia G. Pickell, President of the District Board. The officials concurred with our finding.