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

EXAMINATION REPORT
OF
WESTERN RUSH COUNTY REGIONAL
WATER AND SEWER DISTRICT
RUSH COUNTY, INDIANA

January 1, 2007 to December 31, 2008



FILED
05/14/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Marvin D. Kuhn	08-05-06 to 08-05-10
President of the Board	Daniel W. Scott	04-01-05 to 03-31-10



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF WESTERN RUSH COUNTY REGIONAL
WATER AND SEWER DISTRICT, RUSH COUNTY, INDIANA

We have examined the financial information presented herein of Western Rush County Regional Water and 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

February 25, 2010

WESTERN RUSH COUNTY 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, 2007 And 2008

	Cash and Investments <u>01-01-07</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-07</u>
Proprietary Funds:				
Operating	\$ (8,364)	\$ 239,114	\$ 255,929	\$ (25,179)
Bond and Interest	19,612	72,266	57,884	33,994
Debt Service Reserve	35,809	5,353	-	41,162
Construction - Phase II	<u>(151)</u>	<u>151</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 46,906</u>	<u>\$ 316,884</u>	<u>\$ 313,813</u>	<u>\$ 49,977</u>

	Cash and Investments <u>01-01-08</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-08</u>
Proprietary Funds:				
Operating	\$ (25,179)	\$ 260,419	\$ 239,294	\$ (4,054)
Bond and Interest	33,994	48,364	57,825	24,533
Debt Service Reserve	<u>41,162</u>	<u>3,418</u>	<u>-</u>	<u>44,580</u>
Totals	<u>\$ 49,977</u>	<u>\$ 312,201</u>	<u>\$ 297,119</u>	<u>\$ 65,059</u>

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

WESTERN RUSH COUNTY 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 provides the following services: wastewater collection and treatment.

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.

WESTERN RUSH COUNTY REGIONAL WATER AND SEWER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2008

Capital assets are reported at actual 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:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 65,864
Buildings	21,373
Improvements other than buildings	5,236,491
Transportation equipment	45,255
Machinery and equipment	<u>54,742</u>
Total Wastewater Utility capital assets	<u>\$ 5,423,725</u>

WESTERN RUSH COUNTY REGIONAL WATER AND WASTEWATER 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:		
Notes and loans:		
Operating loan	\$ 55,647	\$ 9,600
Revenue bonds:		
2001 Wastewater	306,500	17,993
2003 Wastewater	<u>688,000</u>	<u>39,860</u>
Total Wastewater Utility	<u>\$ 1,050,147</u>	<u>\$ 67,453</u>

WESTERN RUSH COUNTY REGIONAL WATER AND SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS

DISTRIBUTION OF GROSS REVENUES TO THE VARIOUS FUNDS

Gross revenues were not being distributed to the various utility funds in accordance with Revenue Bond Ordinance provisions.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Page 10-12)

OVERDRAWN FUND BALANCES

The Operating Fund was overdrawn in 2007 and 2008.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Page 10-12)

WESTERN RUSH COUNTY REGIONAL WATER AND SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on February 25, 2010, with Daniel W. Scott, President of the Board; and Marvin D. Kuhn, Treasurer.