

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, 2008 to December 31, 2009



FILED
12/28/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Supplementary Information:	
Schedule of Capital Assets.....	6
Schedule of Long-Term Debt	7
Examination Results and Comments:	
Prescribed Forms	8
Annual Report.....	8
Exit Conference.....	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Utility Manager	David Hacker	01-01-10 to 12-31-10
Treasurer	James D. Wall	01-01-08 to 12-31-10
President of the District Board	Bruce A. Stanton	01-01-08 to 12-31-10



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Rural Huntington Regional Water and Sewer District (District), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, 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

October 28, 2010

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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Proprietary Fund: Construction	<u>\$ 27,216</u>	<u>\$ 100,520</u>	<u>\$ 58,529</u>	<u>\$ 69,207</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Proprietary Fund: Construction	<u>\$ 69,207</u>	<u>\$ 202,224</u>	<u>\$ 50,918</u>	<u>\$ 220,513</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 2010, the District started the construction of sewage works. The estimated cost of the project is \$2,710,000. The project will be funded by revenue bonds (\$1,364,000), a grant from the United States Department of Agriculture (\$1,219,500), and CEDIT funds from Huntington County (\$126,500).

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2009

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>Ending Balance</u>
Business-type activities:	
Capital assets, not being depreciated:	
Land and easements	\$ 18,436
Construction in progress	<u>26,481</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 44,917</u>

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Bond Anticipation Note:		
Sewer Project	\$ 500,000	\$ 520,222

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS

PRESCRIBED FORMS

The records used to account for cash receipts, disbursements and balances were not prescribed by the State Board of Accounts. A similar comment appeared in prior Report B32105.

IC 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)

ANNUAL REPORT

The 2008 and 2009 annual reports (SDAR-1) were not presented for examination.

IC 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 28, 2010, with James D. Wall, Treasurer, and David Hacker, Utility Manager. The officials concurred with our findings.