

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

FINANCIAL STATEMENTS EXAMINATION REPORT  
OF

RURAL HUNTINGTON REGIONAL  
WATER AND SEWER DISTRICT  
HUNTINGTON COUNTY, INDIANA

January 1, 2012 to December 31, 2016



**FILED**  
01/30/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	James Wall Jason Smith James Scheiber	01-01-12 to 09-30-15 10-01-15 to 12-31-16 01-01-17 to 12-31-17
President of the District Board	Bruce Stanton	01-01-12 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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 accompanying financial statements of the Rural Huntington Regional Water and Sewer District (District), for the period of January 1, 2012 to December 31, 2016. The District's management is responsible for the fair presentation of these financial statements in accordance with the prescribed basis of accounting described in Note 1. Our responsibility is to express an opinion on the financial statements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the financial statements are in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the financial statements. The nature, timing, and extent of the procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.


As discussed in Note 1 to the financial statements, the District prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter described in the preceding paragraph, the financial statements for the period of January 1, 2012 to December 31, 2016, referred to above, do not present, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the District.

INDEPENDENT ACCOUNTANT'S REPORT  
(Continued)

In our opinion, the financial statements for the period of January 1, 2012 to December 31, 2016, referred to above, present the financial position and results of operations of the District based on the prescribed basis of accounting described in Note 1 to the financial statements, in all material respects.

Our examination was conducted for the purpose of forming an opinion on the District's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

  
Paul D. Joyce, CPA  
State Examiner

December 20, 2017

## FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were approved by management of the District. The financial statements and notes are presented as intended by the District.

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RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Years Ended December 31, 2012 and 2013

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
Wastewater Utility - Operating	\$ 78,860	\$ 197,304	\$ 257,651	\$ 18,513	\$ 204,299	\$ 192,062	\$ 30,750
Wastewater Utility - Bond & Int	54,646	82,420	69,976	67,090	84,010	70,378	80,722
Wastewater Utility - Construction	1,350	12,327	13,229	448	9,000	-	9,448
Totals	<u>\$ 134,856</u>	<u>\$ 292,051</u>	<u>\$ 340,856</u>	<u>\$ 86,051</u>	<u>\$ 297,309</u>	<u>\$ 262,440</u>	<u>\$ 120,920</u>

The notes to the financial statements are an integral part of this statement.

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Years Ended December 31, 2014 and 2015

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Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14	Receipts	Disbursements	Cash and Investments 12-31-15
Wastewater Utility - Operating	\$ 30,750	\$ 227,547	\$ 197,954	\$ 60,343	\$ 233,358	\$ 247,434	\$ 46,267
Wastewater Petty Cash	-	-	-	-	50	-	50
Wastewater Utility - Bond & Int	80,722	72,006	69,759	82,969	87,031	70,120	99,880
Wastewater Utility - Construction	<u>9,448</u>	<u>5,000</u>	<u>-</u>	<u>14,448</u>	<u>7,000</u>	<u>-</u>	<u>21,448</u>
Totals	<u>\$ 120,920</u>	<u>\$ 304,553</u>	<u>\$ 267,713</u>	<u>\$ 157,760</u>	<u>\$ 327,439</u>	<u>\$ 317,554</u>	<u>\$ 167,645</u>

The notes to the financial statements are an integral part of this statement.

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
Wastewater Utility - Operating	\$ 46,267	\$ 249,314	\$ 250,206	\$ 45,375
Wastewater Petty Cash	50	-	-	50
Wastewater Utility - Bond & Int	99,880	90,069	70,439	119,510
Wastewater Utility - Construction	<u>21,448</u>	<u>-</u>	<u>13,701</u>	<u>7,747</u>
Totals	<u>\$ 167,645</u>	<u>\$ 339,383</u>	<u>\$ 334,346</u>	<u>\$ 172,682</u>

The notes to the financial statements are an integral part of this statement.

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The District was established under the laws of the State of Indiana. The District operates under an appointed governing board.

The accompanying financial statements present the financial information for the District.

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

*Utility fees.* Amounts received from charges for current services.

*Penalties.* Amounts received from late payment fees.

*Other receipts.* Amounts received from various sources, including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

*Personal services.* Amounts disbursed for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*Other services and charges.* Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

*Debt service - principal and interest.* Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the District. It includes all expenditures for the reduction of the principal and interest of the District's general obligation indebtedness.

*Capital outlay.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

*Utility operating expenses.* Amounts disbursed for operating the utilities.

*Other disbursements.* Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

**F. Interfund Transfers**

The District may, from time to time, make transfers from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

**G. Fund Accounting**

Separate funds are established, maintained, and reported by the District. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the District. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the District in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is prepared and approved at the local level.

**Note 3. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be 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.

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

State statutes authorize the District to invest in securities including, but not limited to, the following: 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. Risk Management**

The District may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the District to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

#### OTHER INFORMATION - UNEXAMINED

The District's Annual Financial Reports information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the District's Annual Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The other information presented was approved by management of the District. It is presented as intended by the District.

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2012

	Wastewater Utility - Operating	Wastewater Utility - Bond & Int	Wastewater Utility - Construction	Totals
Cash and investments - beginning	\$ 78,860	\$ 54,646	\$ 1,350	\$ 134,856
Receipts:				
Utility fees	194,834	-	-	194,834
Penalties	2,389	-	-	2,389
Other receipts	<u>81</u>	<u>82,420</u>	<u>12,327</u>	<u>94,828</u>
Total receipts	<u>197,304</u>	<u>82,420</u>	<u>12,327</u>	<u>292,051</u>
Disbursements:				
Debt service - principal and interest	-	69,976	-	69,976
Capital outlay	77,304	-	13,217	90,521
Utility operating expenses	97,947	-	12	97,959
Other disbursements	<u>82,400</u>	<u>-</u>	<u>-</u>	<u>82,400</u>
Total disbursements	<u>257,651</u>	<u>69,976</u>	<u>13,229</u>	<u>340,856</u>
Excess (deficiency) of receipts over disbursements	<u>(60,347)</u>	<u>12,444</u>	<u>(902)</u>	<u>(48,805)</u>
Cash and investments - ending	<u>\$ 18,513</u>	<u>\$ 67,090</u>	<u>\$ 448</u>	<u>\$ 86,051</u>

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013

	Wastewater Utility - Operating	Wastewater Utility - Bond & Int	Wastewater Utility - Construction	Totals
Cash and investments - beginning	\$ 18,513	\$ 67,090	\$ 448	\$ 86,051
Receipts:				
Utility fees	189,118	-	-	189,118
Penalties	2,241	-	-	2,241
Other receipts	<u>12,940</u>	<u>84,010</u>	<u>9,000</u>	<u>105,950</u>
Total receipts	<u>204,299</u>	<u>84,010</u>	<u>9,000</u>	<u>297,309</u>
Disbursements:				
Personal services	2,600	-	-	2,600
Other services and charges	4,755	-	-	4,755
Debt service - principal and interest	-	70,378	-	70,378
Utility operating expenses	100,707	-	-	100,707
Other disbursements	<u>84,000</u>	<u>-</u>	<u>-</u>	<u>84,000</u>
Total disbursements	<u>192,062</u>	<u>70,378</u>	<u>-</u>	<u>262,440</u>
Excess (deficiency) of receipts over disbursements	<u>12,237</u>	<u>13,632</u>	<u>9,000</u>	<u>34,869</u>
Cash and investments - ending	<u>\$ 30,750</u>	<u>\$ 80,722</u>	<u>\$ 9,448</u>	<u>\$ 120,920</u>

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014

	Wastewater Utility - Operating	Wastewater Petty Cash	Wastewater Utility - Bond & Int	Wastewater Utility - Construction	Totals
Cash and investments - beginning	\$ 30,750	\$ -	\$ 80,722	\$ 9,448	\$ 120,920
Receipts:					
Utility fees	211,283	-	-	-	211,283
Penalties	2,331	-	-	-	2,331
Other receipts	13,933	-	72,006	5,000	90,939
Total receipts	<u>227,547</u>	<u>-</u>	<u>72,006</u>	<u>5,000</u>	<u>304,553</u>
Disbursements:					
Personal services	2,950	-	-	-	2,950
Other services and charges	4,898	-	-	-	4,898
Debt service - principal and interest	-	-	69,759	-	69,759
Utility operating expenses	118,106	-	-	-	118,106
Other disbursements	72,000	-	-	-	72,000
Total disbursements	<u>197,954</u>	<u>-</u>	<u>69,759</u>	<u>-</u>	<u>267,713</u>
Excess (deficiency) of receipts over disbursements	<u>29,593</u>	<u>-</u>	<u>2,247</u>	<u>5,000</u>	<u>36,840</u>
Cash and investments - ending	<u>\$ 60,343</u>	<u>\$ -</u>	<u>\$ 82,969</u>	<u>\$ 14,448</u>	<u>\$ 157,760</u>

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015

	Wastewater Utility - Operating	Wastewater Petty Cash	Wastewater Utility - Bond & Int	Wastewater Utility - Construction	Totals
Cash and investments - beginning	\$ 60,343	\$ -	\$ 82,969	\$ 14,448	\$ 157,760
Receipts:					
Utility fees	214,931	-	-	-	214,931
Penalties	2,488	-	-	-	2,488
Other receipts	15,939	50	87,031	7,000	110,020
Total receipts	<u>233,358</u>	<u>50</u>	<u>87,031</u>	<u>7,000</u>	<u>327,439</u>
Disbursements:					
Personal services	2,850	-	-	-	2,850
Other services and charges	4,750	-	-	-	4,750
Debt service - principal and interest	-	-	70,120	-	70,120
Utility operating expenses	152,784	-	-	-	152,784
Other disbursements	87,050	-	-	-	87,050
Total disbursements	<u>247,434</u>	<u>-</u>	<u>70,120</u>	<u>-</u>	<u>317,554</u>
Excess (deficiency) of receipts over disbursements	<u>(14,076)</u>	<u>50</u>	<u>16,911</u>	<u>7,000</u>	<u>9,885</u>
Cash and investments - ending	<u>\$ 46,267</u>	<u>\$ 50</u>	<u>\$ 99,880</u>	<u>\$ 21,448</u>	<u>\$ 167,645</u>

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	Wastewater Utility - Operating	Wastewater Petty Cash	Wastewater Utility - Bond & Int	Wastewater Utility - Construction	Totals
Cash and investments - beginning	\$ 46,267	\$ 50	\$ 99,880	\$ 21,448	\$ 167,645
Receipts:					
Utility fees	232,844	-	-	-	232,844
Penalties	2,749	-	-	-	2,749
Other receipts	13,721	-	90,069	-	103,790
Total receipts	<u>249,314</u>	<u>-</u>	<u>90,069</u>	<u>-</u>	<u>339,383</u>
Disbursements:					
Personal services	2,400	-	-	-	2,400
Other services and charges	5,045	-	-	-	5,045
Debt service - principal and interest	-	-	70,439	-	70,439
Utility operating expenses	152,761	-	-	-	152,761
Other disbursements	90,000	-	-	13,701	103,701
Total disbursements	<u>250,206</u>	<u>-</u>	<u>70,439</u>	<u>13,701</u>	<u>334,346</u>
Excess (deficiency) of receipts over disbursements	<u>(892)</u>	<u>-</u>	<u>19,630</u>	<u>(13,701)</u>	<u>5,037</u>
Cash and investments - ending	<u>\$ 45,375</u>	<u>\$ 50</u>	<u>\$ 119,510</u>	<u>\$ 7,747</u>	<u>\$ 172,682</u>

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Wastewater	<u>\$ 8,535</u>	<u>\$ 16,344</u>

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2016

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Wastewater:			
Revenue Bonds	Wastewater Bonds Payable	<u>\$ 1,287,000</u>	<u>\$ 70,717</u>

RURAL HUNTINGTON REGIONAL WATER AND SEWER DISTRICT  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2016

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>
Wastewater:	
Land	\$ 1,500
Infrastructure	<u>2,242,284</u>
 Total capital assets	 <u><u>\$ 2,243,784</u></u>

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the District. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.