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

EXAMINATION REPORT

OF

L & M REGIONAL WATER DISTRICT

RANDOLPH COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
11/12/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Superintendent	Kevin Fisher	01-01-08 to 12-31-10
Treasurer	Mary Hale	01-01-08 to 12-31-10
President of the Board	Nancy Hall	01-01-08 to 12-31-10



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE L & M REGIONAL WATER DISTRICT, RANDOLPH COUNTY, INDIANA

We have examined the financial information presented herein of the L & M Regional Water 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

August 16, 2010

L & M REGIONAL WATER 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
Operating	\$ 930	\$ 124,539	\$ 135,477	\$ (10,008)
Improvement	53,600	20,051	3,000	70,651
Debt Service Reserve	17,350	-	-	17,350
Bond and Interest	16,300	500	-	16,800
Customer Deposits	11,620	2,705	2,660	11,665
Wastewater Payments	3,652	58,279	56,849	5,082
Totals	<u>\$ 103,452</u>	<u>\$ 206,074</u>	<u>\$ 197,986</u>	<u>\$ 111,540</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Operating	\$ (10,008)	\$ 98,054	\$ 103,331	\$ (15,285)
Improvement	70,651	19,500	-	90,151
Debt Service Reserve	17,350	-	-	17,350
Bond and Interest	16,800	-	550	16,250
Customer Deposits	11,665	2,760	2,035	12,390
Wastewater Payments	5,082	73,934	67,847	11,169
Totals	<u>\$ 111,540</u>	<u>\$ 194,248</u>	<u>\$ 173,763</u>	<u>\$ 132,025</u>

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

L & M REGIONAL WATER 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: water distribution.

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.

L & M REGIONAL WATER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended 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>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 15,926
Buildings	599
Improvements other than buildings	614,767
Machinery and equipment	<u>32,826</u>
Total Water Utility capital assets	<u>\$ 664,118</u>

L & M REGIONAL WATER 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:		
Water Utility:		
Water plant	\$ 94,000	\$ -
Total Water Utility	<u>\$ 94,000</u>	<u>\$ -</u>

L & M REGIONAL WATER DISTRICT
EXAMINATION RESULT AND COMMENT

OVERDRAWN FUND BALANCE

The Operating Fund was overdrawn in 2008 and 2009.

The fund 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 Cities and Towns, Chapter 7)

L & M REGIONAL WATER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on August 16, 2010, with Mary Hale, Treasurer; and Nancy Hall, President of the Board. The officials concurred with our finding.