

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

EXAMINATION REPORT

OF

BORDEN TRI-COUNTY REGIONAL WATER DISTRICT

CLARK COUNTY, INDIANA

January 1, 2007 to December 31, 2009



FILED
01/04/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
General Manager	Daryl Naville	01-01-07 to 12-31-10
Treasurer	Ruth Sparks	01-01-07 to 12-31-10
President of the Board	John Eurton	01-01-07 to 12-31-10



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE BORDEN TRI-COUNTY
REGIONAL WATER DISTRICT, CLARK COUNTY, INDIANA

We have examined the financial information presented herein of the Borden Tri-County Regional Water District (District), for the period of January 1, 2007 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, 2007, 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 Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

August 25, 2010

BORDEN TRI-COUNTY 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, 2007, 2008 And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Proprietary Funds:				
Water Operating	\$ 529,184	\$ 1,773,571	\$ 1,595,659	\$ 707,096
Water Bond and Interest	166,771	8,482	-	175,253
Water Customer Deposit	19,577	8,904	7,661	20,820
Water Improvement	30	111,772	111,772	30
Totals	<u>\$ 715,562</u>	<u>\$ 1,902,729</u>	<u>\$ 1,715,092</u>	<u>\$ 903,199</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Proprietary Funds:				
Water Operating	\$ 707,096	\$ 1,732,731	\$ 1,850,616	\$ 589,211
Water Bond and Interest	175,253	7,202	-	182,455
Water Customer Deposit	20,820	7,583	6,569	21,834
Water Improvement	30	314,663	314,663	30
Totals	<u>\$ 903,199</u>	<u>\$ 2,062,179</u>	<u>\$ 2,171,848</u>	<u>\$ 793,530</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Proprietary Funds:				
Water Operating	\$ 589,211	\$ 1,600,561	\$ 1,564,311	\$ 625,461
Water Bond and Interest	182,455	5,305	-	187,760
Water Customer Deposit	21,834	11,082	9,566	23,350
Water Improvement	30	92,324	92,324	30
Totals	<u>\$ 793,530</u>	<u>\$ 1,709,272</u>	<u>\$ 1,666,201</u>	<u>\$ 836,601</u>

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

BORDEN TRI-COUNTY 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 water treatment services.

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

The District approved a 25% rate increase on May 18, 2010.

BORDEN TRI-COUNTY REGIONAL WATER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
2004 Waterworks refunding bonds	\$ 525,104	\$ 129,600

BORDEN TRI-COUNTY REGIONAL WATER DISTRICT
EXAMINATION RESULTS AND COMMENTS

ACCOUNTS RECEIVABLE CONTROL NOT RECONCILED TO DETAIL

The District did not perform periodic reconcilements between the accounts receivable control account reported on the general ledger to the detail of customers' balance accounts reported on the Aged Accounts Receivable (A/R) Report during the years 2007, 2008 and 2009. Our comparison of these records showed the balance on the Aged A/R Report exceeded the balance on the general ledger by \$13,499 at December 31, 2009.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

A similar comment was reported in prior Reports B20617, B26255, and B31397.

CUSTOMER DEPOSIT REGISTER

The District did not perform periodic reconcilements between the detail record of customer deposits and the customer deposit's control account reported on the general ledger. Our comparison of these two records showed the balance on the general ledger exceeded the balance on the outstanding customer deposits by \$5,560.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

A similar comment was reported in prior Reports B20617, B26255, and B31397.

BORDEN TRI-COUNTY REGIONAL WATER DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS

The capital asset account balances per the District's general ledger were not in agreement with the asset balance per the detail record. At December 31, 2009, the capital asset balance per the District's general ledger accounts totaled \$5,855,048 and the total per the detail was \$5,735,746 for a variance of \$119,302.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

A similar comment was reported in prior Report B20617, B26255, and B31397.

BANK FEES PAID

During the period January 1, 2007 to December 31, 2009, bank fees in the amount of \$846 were incurred as a result of not having sufficient funds on hand in the bank to cover checks presented by the bank. Monies are periodically transferred into a checking account to cover checks issued for monthly District expenses; however, funds were not transferred in a timely manner, thus resulting in the checking account being overdrawn and the occurrence of bank fees.

Officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

BORDEN TRI-COUNTY REGIONAL WATER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on August 25, 2010, with Ruth Sparks, Treasurer, and Daryl Naville, General Manager.