

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

FINANCIAL STATEMENTS EXAMINATION REPORT
OF
BORDEN TRI-COUNTY REGIONAL WATER DISTRICT
CLARK COUNTY, INDIANA
January 1, 2010 to December 31, 2014



FILED
08/04/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statements and Accompanying Notes:	
Statements of Receipts, Disbursements, and Cash and Investment	
Balances - Regulatory Basis	7-9
Notes to Financial Statements.....	10-12
Other Information - Unexamined:	
Combining Schedules of Receipts, Disbursements, and Cash and	
Investment Balances - Regulatory Basis	14-18
Schedule of Payables and Receivables	19
Schedule of Capital Assets.....	21
Other Reports.....	22

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Ruth Sparks	01-01-10 to 12-31-16
President of the Board	John Eurton	01-01-10 to 12-31-16



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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 accompanying financial statements of the Borden Tri-County Regional Water District (District), for the period of January 1, 2010 to December 31, 2014. The financial statements are the responsibility of the District's management. 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 and, accordingly, included examining, on a test basis, evidence supporting the financial statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, 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. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the District for the period of January 1, 2010 to December 31, 2014.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the District for the period of January 1, 2010 to December 31, 2014, on the basis of accounting described in Note 1.

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, 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
Paul D. Joyce, CPA
State Examiner

April 28, 2016

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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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BORDEN TRI-COUNTY REGIONAL WATER DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Water Operating	\$ 625,461	\$ 1,281,996	\$ 1,523,816	\$ 383,641
Water Bond and Interest	187,760	3,506	-	191,266
Water Customer Deposits	23,350	27,888	32,897	18,341
Water Improvement	<u>30</u>	<u>537,294</u>	<u>537,294</u>	<u>30</u>
Totals	<u>\$ 836,601</u>	<u>\$ 1,850,684</u>	<u>\$ 2,094,007</u>	<u>\$ 593,278</u>

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

BORDEN TRI-COUNTY REGIONAL WATER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2011 and 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
Water Operating	\$ 383,641	\$ 1,967,878	\$ 1,834,545	\$ 516,974	\$ 2,034,756	\$ 1,781,041	\$ 770,689
Water Bond and Interest	191,266	1,495	-	192,761	1,126	-	193,887
Water Customer Deposits	18,341	8,861	8,249	18,953	10,388	8,550	20,791
Water Improvement	30	33,014	33,014	30	35,682	35,682	30
Totals	<u>\$ 593,278</u>	<u>\$ 2,011,248</u>	<u>\$ 1,875,808</u>	<u>\$ 728,718</u>	<u>\$ 2,081,952</u>	<u>\$ 1,825,273</u>	<u>\$ 985,397</u>

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

BORDEN TRI-COUNTY REGIONAL WATER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
Water Operating	\$ 770,689	\$ 1,898,372	\$ 1,820,883	\$ 848,178	\$ 2,032,900	\$ 1,955,696	\$ 925,382
Water Bond and Interest	193,887	691	-	194,578	503	16	195,065
Water Customer Deposits	20,791	10,046	9,312	21,525	12,571	10,707	23,389
Water Improvement	<u>30</u>	<u>55,260</u>	<u>55,260</u>	<u>30</u>	<u>62,170</u>	<u>62,170</u>	<u>30</u>
Totals	<u>\$ 985,397</u>	<u>\$ 1,964,369</u>	<u>\$ 1,885,455</u>	<u>\$ 1,064,311</u>	<u>\$ 2,108,144</u>	<u>\$ 2,028,589</u>	<u>\$ 1,143,866</u>

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

BORDEN TRI-COUNTY REGIONAL WATER 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:

Charges for services, which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Other receipts, which include amounts received from various sources which can include, but are 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:

BORDEN TRI-COUNTY REGIONAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Personal services, which include outflows 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.

Supplies, which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges, which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest, which includes 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, which includes all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements, which include, but are 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, transfer money 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 money 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 money 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. 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.

BORDEN TRI-COUNTY REGIONAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

State statutes authorize 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 3. 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.

Note 4. Pension Plan

The District contributes to a pension plan unique to the District. Information regarding this plan may be obtained from the District.

OTHER INFORMATION - UNEXAMINED

The District's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

The District's Annual Report information for years 2011 and later 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 Annual Reports of the District which are 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.

BORDEN TRI-COUNTY REGIONAL WATER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2010

	Water Operating	Water Bond and Interest	Water Customer Deposits	Water Improvement	Totals
Cash and investments - beginning	\$ 625,461	\$ 187,760	\$ 23,350	\$ 30	\$ 836,601
Receipts:					
Charges for services	1,169,943	-	-	-	1,169,943
Other receipts	<u>112,053</u>	<u>3,506</u>	<u>27,888</u>	<u>537,294</u>	<u>680,741</u>
Total receipts	<u>1,281,996</u>	<u>3,506</u>	<u>27,888</u>	<u>537,294</u>	<u>1,850,684</u>
Disbursements:					
Personal services	317,363	-	-	-	317,363
Supplies	941,140	-	-	-	941,140
Other services and charges	123,739	-	-	-	123,739
Capital outlay	29,219	-	-	-	29,219
Other disbursements	<u>112,355</u>	<u>-</u>	<u>32,897</u>	<u>537,294</u>	<u>682,546</u>
Total disbursements	<u>1,523,816</u>	<u>-</u>	<u>32,897</u>	<u>537,294</u>	<u>2,094,007</u>
Excess (deficiency) of receipts over disbursements	<u>(241,820)</u>	<u>3,506</u>	<u>(5,009)</u>	<u>-</u>	<u>(243,323)</u>
Cash and investments - ending	<u>\$ 383,641</u>	<u>\$ 191,266</u>	<u>\$ 18,341</u>	<u>\$ 30</u>	<u>\$ 593,278</u>

BORDEN TRI-COUNTY REGIONAL WATER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2011

	Water Operating	Water Bond and Interest	Water Customer Deposits	Water Improvement	Totals
Cash and investments - beginning	\$ 383,641	\$ 191,266	\$ 18,341	\$ 30	\$ 593,278
Receipts:					
Charges for services	1,904,216	-	-	-	1,904,216
Other receipts	63,662	1,495	8,861	33,014	107,032
Total receipts	1,967,878	1,495	8,861	33,014	2,011,248
Disbursements:					
Personal services	480,184	-	-	-	480,184
Supplies	723,800	-	-	-	723,800
Other services and charges	255,652	-	-	-	255,652
Capital outlay	246,465	-	-	-	246,465
Other disbursements	128,444	-	8,249	33,014	169,707
Total disbursements	1,834,545	-	8,249	33,014	1,875,808
Excess of receipts over disbursements	133,333	1,495	612	-	135,440
Cash and investments - ending	\$ 516,974	\$ 192,761	\$ 18,953	\$ 30	\$ 728,718

BORDEN TRI-COUNTY REGIONAL WATER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2012

	Water Operating	Water Bond and Interest	Water Customer Deposits	Water Improvement	Totals
Cash and investments - beginning	\$ 516,974	\$ 192,761	\$ 18,953	\$ 30	\$ 728,718
Receipts:					
Charges for services	1,770,994	-	-	-	1,770,994
Other receipts	<u>263,762</u>	<u>1,126</u>	<u>10,388</u>	<u>35,682</u>	<u>310,958</u>
Total receipts	<u>2,034,756</u>	<u>1,126</u>	<u>10,388</u>	<u>35,682</u>	<u>2,081,952</u>
Disbursements:					
Personal services	505,191	-	-	-	505,191
Supplies	764,959	-	-	-	764,959
Other services and charges	307,817	-	-	-	307,817
Debt service - principal and interest	129,600	-	-	-	129,600
Capital outlay	73,474	-	-	-	73,474
Other disbursements	<u>-</u>	<u>-</u>	<u>8,550</u>	<u>35,682</u>	<u>44,232</u>
Total disbursements	<u>1,781,041</u>	<u>-</u>	<u>8,550</u>	<u>35,682</u>	<u>1,825,273</u>
Excess of receipts over disbursements	<u>253,715</u>	<u>1,126</u>	<u>1,838</u>	<u>-</u>	<u>256,679</u>
Cash and investments - ending	<u>\$ 770,689</u>	<u>\$ 193,887</u>	<u>\$ 20,791</u>	<u>\$ 30</u>	<u>\$ 985,397</u>

BORDEN TRI-COUNTY REGIONAL WATER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	Water Operating	Water Bond and Interest	Water Customer Deposits	Water Improvement	Totals
Cash and investments - beginning	\$ 770,689	\$ 193,887	\$ 20,791	\$ 30	\$ 985,397
Receipts:					
Charges for services	1,745,966	-	-	-	1,745,966
Other receipts	152,406	691	10,046	55,260	218,403
Total receipts	1,898,372	691	10,046	55,260	1,964,369
Disbursements:					
Personal services	511,457	-	-	-	511,457
Supplies	738,728	-	-	-	738,728
Other services and charges	332,745	-	-	-	332,745
Debt service - principal and interest	129,600	-	-	-	129,600
Capital outlay	104,604	-	-	-	104,604
Other disbursements	3,749	-	9,312	55,260	68,321
Total disbursements	1,820,883	-	9,312	55,260	1,885,455
Excess of receipts over disbursements	77,489	691	734	-	78,914
Cash and investments - ending	\$ 848,178	\$ 194,578	\$ 21,525	\$ 30	\$ 1,064,311

BORDEN TRI-COUNTY REGIONAL WATER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	<u>Water Operating</u>	<u>Water Bond and Interest</u>	<u>Water Customer Deposits</u>	<u>Water Improvements</u>	<u>Totals</u>
Cash and investments - beginning	\$ 848,178	\$ 194,578	\$ 21,525	\$ 30	\$ 1,064,311
Receipts:					
Charges for services	1,735,163	-	-	-	1,735,163
Other receipts	<u>297,737</u>	<u>503</u>	<u>12,571</u>	<u>62,170</u>	<u>372,981</u>
Total receipts	<u>2,032,900</u>	<u>503</u>	<u>12,571</u>	<u>62,170</u>	<u>2,108,144</u>
Disbursements:					
Personal services	531,617	-	-	-	531,617
Supplies	840,888	-	-	-	840,888
Other services and charges	356,904	-	-	-	356,904
Debt service - principal and interest	49,685	-	-	-	49,685
Capital outlay	176,602	-	-	-	176,602
Other disbursements	<u>-</u>	<u>16</u>	<u>10,707</u>	<u>62,170</u>	<u>72,893</u>
Total disbursements	<u>1,955,696</u>	<u>16</u>	<u>10,707</u>	<u>62,170</u>	<u>2,028,589</u>
Excess of receipts over disbursements	<u>77,204</u>	<u>487</u>	<u>1,864</u>	<u>-</u>	<u>79,555</u>
Cash and investments - ending	<u>\$ 925,382</u>	<u>\$ 195,065</u>	<u>\$ 23,389</u>	<u>\$ 30</u>	<u>\$ 1,143,866</u>

BORDEN TRI-COUNTY REGIONAL WATER DISTRICT
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Water District	<u>\$ -</u>	<u>\$ 182,669</u>

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BORDEN TRI-COUNTY REGIONAL WATER DISTRICT
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2014

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.

	Ending Balance
Water District:	
Land	\$ 259,700
Infrastructure	5,255,508
Buildings	957,710
Machinery, equipment, and vehicles	301,120
Construction in progress	1,116,331
Total capital assets	\$ 7,890,369

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/>.