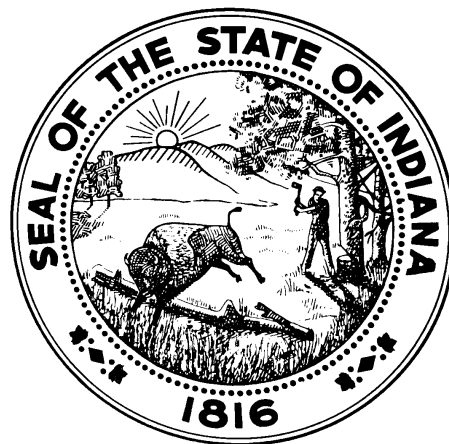


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
BORDEN TRI-COUNTY REGIONAL WATER DISTRICT
CLARK COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
12/27/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
General Manager	Daryl Naville	01-01-05 to 12-31-07
Treasurer	Ruth Sparks	01-01-05 to 12-31-07
President of the Board of Trustees	Glenn Smith John Eurton	01-01-05 to 12-31-06 01-01-07 to 12-31-07



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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, 2005 to December 31, 2006. 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, 2005 and 2006, 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

November 1, 2007

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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Proprietary Funds:				
Water Operating	\$ 792,490	\$ 1,618,865	\$ 1,879,357	\$ 531,998
Water Bond and Interest	156,693	2,669	-	159,362
Water Customer Deposit	13,763	5,541	3,506	15,798
Water Improvement	<u>30</u>	<u>469,779</u>	<u>469,779</u>	<u>30</u>
Totals	<u>\$ 962,976</u>	<u>\$ 2,096,854</u>	<u>\$ 2,352,642</u>	<u>\$ 707,188</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Water Operating	\$ 531,998	\$ 1,577,479	\$ 1,580,293	\$ 529,184
Water Bond and Interest	159,362	7,409	-	166,771
Water Customer Deposit	15,798	9,106	5,327	19,577
Water Improvement	<u>30</u>	<u>182,516</u>	<u>182,516</u>	<u>30</u>
Totals	<u>\$ 707,188</u>	<u>\$ 1,776,510</u>	<u>\$ 1,768,136</u>	<u>\$ 715,562</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 awarded a contract for the painting of tank 6 for \$114,750 and approved a water usage rate increase of 10% that became effective July 1, 2007.

BORDEN TRI-COUNTY REGIONAL WATER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2006

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		
Capital leases:		
Watershed	\$ 32,350	\$ 8,120
Revenue bonds:		
2004 Waterworks refunding revenue bonds	<u>839,626</u>	<u>129,600</u>
Total Water Utility	<u>871,976</u>	<u>137,720</u>
Total business-type activities debt	<u>\$ 871,976</u>	<u>\$ 137,720</u>

BORDEN TRI-COUNTY REGIONAL WATER DISTRICT
EXAMINATION RESULTS AND COMMENTS

ACCOUNTS RECEIVABLE CONTROL NOT RECONCILED TO DETAIL

The District did not perform any periodic reconcilements between the accounts receivable control account reported on the general ledger and the detail of customers' accounts reported on the Aged A/R Report during the years 2005 and 2006. Our comparison of these two records showed the balance on the Aged A/R Report exceeded the balance on the general ledger by \$1,672 at December 31, 2006.

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 and B26255.

CUSTOMER DEPOSIT REGISTER

The District did not perform any periodic reconcilements between the detail record of customer deposits and the customer deposits control account reported on the general ledger. Our comparison of these two records showed the balance on the general ledger exceeded the balance of the detailed record of customer deposits by \$2,612.

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 and B26255.

CAPITAL ASSET RECORDS

The District maintained a partial detailed record of capital assets. Upon purchase, the costs of some capital assets were added to accounts for land, buildings, etc. in the General Ledger. Records classifying and summarizing the District's capital assets are incomplete. Deletions or disposals of capital assets are not recorded. A partial inventory was presented for examination; however, the inventory did not reconcile with the account balances reported on the general ledger.

The General Manager is in the process of finalizing the inventory of capital assets and plans to reconcile the finalized inventory with account balances carried in the general ledger.

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)

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

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

RECORD OF HOURS WORKED

No record was presented for examination detailing the specific hours worked by the Compliance Director for the year 2006. The Compliance Director's work hours and duties changed in 2006 and were based on a personnel survey prepared by the General Manager that identified expected duties to be performed and the expected hours it would take to perform those duties. However, no record was maintained identifying the specific hours the Compliance Director worked.

The Compliance Director works part time for the District and also works for the Town of Borden. Due to the Compliance Director being employed by more than one political subdivision, a record of specific hours worked is required.

Indiana Code 5-11-9-4 requires that records be maintained showing which hours are worked each day for employees employed by more than one political subdivision or in more than one position by the same public agency. This requirement can be met by indicating the number of hours worked on each Employee's Service Record, General Form No. 99A and/or General Form No. 99B. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 14)

PRESCRIBED FORMS

The District does not use a Register of Investments (General Form 350) to monitor investment activity.

The Investment Register, General Form No. 350, should be used for keeping a record of all investments purchased by the political subdivision. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 15)

PENALTIES AND INTEREST

Penalties and interest totaling \$577.44 were paid to the Indiana Department of Revenue for the late payment of sales tax for the period ending March 31, 2005.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, 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 November 1, 2007, with Daryl Naville, General Manager; and Ruth Sparks, Treasurer.