

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

LAKE GEORGE REGIONAL SEWER DISTRICT

STEBEN COUNTY, INDIANA

January 1, 2010 to December 31, 2014



**FILED**  
02/18/2016



## 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 - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	14-18
Schedule of Payables and Receivables .....	19
Schedule of Leases and Debt .....	20
Schedule of Capital Assets.....	21
Other Reports.....	22

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Superintendent	James C. Humbarger	01-01-10 to 12-31-15
Treasurer	John S. Bender II	01-01-10 to 12-31-15
President of the Board of Trustees	Greg Didier	01-01-10 to 12-31-15



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LAKE GEORGE REGIONAL  
SEWER DISTRICT, STEUBEN COUNTY, INDIANA

We have examined the accompanying financial statements of the Lake George Regional Sewer 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, 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*  
Paul D. Joyce, CPA  
State Examiner

November 19, 2015

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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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LAKE GEORGE REGIONAL SEWER DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Bond And Interest	\$ 163,480	\$ 326,380	\$ 326,220	\$ 163,640
Improvement Fund	192,586	56,470	57,000	192,056
Operating	2,504	213,000	210,124	5,380
Operating And Maintenance Reserve	27,447	-	-	27,447
Reserve Bond Fund	326,970	33	249	326,754
Revenue Lock Box	1,000	539,494	539,494	1,000
Totals	<u>\$ 713,987</u>	<u>\$ 1,135,377</u>	<u>\$ 1,133,087</u>	<u>\$ 716,277</u>

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

LAKE GEORGE REGIONAL SEWER 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
Bond And Interest	\$ 163,640	\$ 326,640	\$ 326,540	\$ 163,740	\$ 424,280	\$ 425,740	\$ 162,280
Improvement Fund	192,056	66,117	128,000	130,173	82,172	149,000	63,345
Operating	5,380	184,000	180,655	8,725	305,000	305,831	7,894
Operating And Maintenance Reserve	27,447	-	-	27,447	1,650	1,650	27,447
Reserve Bond Fund	326,754	41	-	326,795	23	2,158	324,660
Revenue Lock Box	1,000	549,675	549,675	1,000	563,269	563,269	1,000
Totals	<u>\$ 716,277</u>	<u>\$ 1,126,473</u>	<u>\$ 1,184,870</u>	<u>\$ 657,880</u>	<u>\$ 1,376,394</u>	<u>\$ 1,447,648</u>	<u>\$ 586,626</u>

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

LAKE GEORGE REGIONAL SEWER 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
Bond And Interest	\$ 162,280	\$ 321,810	\$ 322,820	\$ 161,270	\$ 322,230	\$ 321,800	\$ 161,700
Improvement Fund	63,345	77,962	47,600	93,707	67,187	68,670	92,224
Operating	7,894	203,600	210,053	1,441	238,100	237,433	2,108
Operating And Maintenance Reserve	27,447	1,650	1,650	27,447	-	-	27,447
Reserve Bond Fund	324,660	5	5	324,660	3	-	324,663
Revenue Lock Box	1,000	558,879	558,879	1,000	562,092	562,091	1,001
Totals	<u>\$ 586,626</u>	<u>\$ 1,163,906</u>	<u>\$ 1,141,007</u>	<u>\$ 609,525</u>	<u>\$ 1,189,612</u>	<u>\$ 1,189,994</u>	<u>\$ 609,143</u>

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

LAKE GEORGE REGIONAL 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 may include the following sources:

Utility fees which are comprised mostly of charges for current services penalties which include fees received for late payments.

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 may include the following uses:

Personal services 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.

LAKE GEORGE REGIONAL SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 include 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.

Utility operating expenses which include all outflows for operating the utilities.

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.

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.

LAKE GEORGE REGIONAL SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 - UNAUDITED

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/](http://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.

LAKE GEORGE REGIONAL SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2010

	Bond And Interest	Improvement Fund	Operating	Operating And Maintenance Reserve	Reserve Bond Fund	Revenue Lock Box	Totals
Cash and investments - beginning	\$ 163,480	\$ 192,586	\$ 2,504	\$ 27,447	\$ 326,970	\$ 1,000	\$ 713,987
Receipts:							
Utility fees	-	-	-	-	-	531,392	531,392
Other receipts	326,380	56,470	213,000	-	33	8,102	603,985
Total receipts	326,380	56,470	213,000	-	33	539,494	1,135,377
Disbursements:							
Personal services	-	-	36,500	-	-	-	36,500
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	326,220	-	-	-	-	-	326,220
Utility operating expenses	-	-	173,459	-	-	1,751	175,210
Other disbursements	-	57,000	165	-	249	537,743	595,157
Total disbursements	326,220	57,000	210,124	-	249	539,494	1,133,087
Excess (deficiency) of receipts over disbursements	160	(530)	2,876	-	(216)	-	2,290
Cash and investments - ending	\$ 163,640	\$ 192,056	\$ 5,380	\$ 27,447	\$ 326,754	\$ 1,000	\$ 716,277

LAKE GEORGE REGIONAL SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2011

	Bond And Interest	Improvement Fund	Operating	Operating And Maintenance Reserve	Reserve Bond Fund	Revenue Lock Box	Totals
Cash and investments - beginning	\$ 163,640	\$ 192,056	\$ 5,380	\$ 27,447	\$ 326,754	\$ 1,000	\$ 716,277
Receipts:							
Utility fees	-	-	-	-	-	549,675	549,675
Other receipts	326,640	66,117	184,000	-	41	-	576,798
Total receipts	326,640	66,117	184,000	-	41	549,675	1,126,473
Disbursements:							
Personal services	-	-	37,500	-	-	-	37,500
Other services and charges	-	-	11,068	-	-	-	11,068
Debt service - principal and interest	326,540	-	-	-	-	-	326,540
Utility operating expenses	-	-	132,087	-	-	1,648	133,735
Other disbursements	-	128,000	-	-	-	548,027	676,027
Total disbursements	326,540	128,000	180,655	-	-	549,675	1,184,870
Excess (deficiency) of receipts over disbursements	100	(61,883)	3,345	-	41	-	(58,397)
Cash and investments - ending	\$ 163,740	\$ 130,173	\$ 8,725	\$ 27,447	\$ 326,795	\$ 1,000	\$ 657,880

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

	Bond And Interest	Improvement Fund	Operating	Operating And Maintenance Reserve	Reserve Bond Fund	Revenue Lock Box	Totals
Cash and investments - beginning	\$ 163,740	\$ 130,173	\$ 8,725	\$ 27,447	\$ 326,795	\$ 1,000	\$ 657,880
Receipts:							
Utility fees	-	-	-	-	-	563,269	563,269
Other receipts	424,280	82,172	305,000	1,650	23	-	813,125
Total receipts	424,280	82,172	305,000	1,650	23	563,269	1,376,394
Disbursements:							
Personal services	-	-	38,500	-	-	-	38,500
Other services and charges	-	-	11,163	-	-	-	11,163
Debt service - principal and interest	425,740	-	-	-	-	-	425,740
Utility operating expenses	-	-	256,168	1,650	-	1,673	259,491
Other disbursements	-	149,000	-	-	2,158	561,596	712,754
Total disbursements	425,740	149,000	305,831	1,650	2,158	563,269	1,447,648
Excess (deficiency) of receipts over disbursements	(1,460)	(66,828)	(831)	-	(2,135)	-	(71,254)
Cash and investments - ending	\$ 162,280	\$ 63,345	\$ 7,894	\$ 27,447	\$ 324,660	\$ 1,000	\$ 586,626

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

	Bond And Interest	Improvement Fund	Operating	Operating And Maintenance Reserve	Reserve Bond Fund	Revenue Lock Box	Totals
Cash and investments - beginning	\$ 162,280	\$ 63,345	\$ 7,894	\$ 27,447	\$ 324,660	\$ 1,000	\$ 586,626
Receipts:							
Utility fees	-	-	-	-	-	558,879	558,879
Other receipts	321,810	77,962	203,600	1,650	5	-	605,027
Total receipts	321,810	77,962	203,600	1,650	5	558,879	1,163,906
Disbursements:							
Debt service - principal and interest	322,820	-	-	-	-	-	322,820
Utility operating expenses	-	-	210,053	1,650	-	1,609	213,312
Other disbursements	-	47,600	-	-	5	557,270	604,875
Total disbursements	322,820	47,600	210,053	1,650	5	558,879	1,141,007
Excess (deficiency) of receipts over disbursements	(1,010)	30,362	(6,453)	-	-	-	22,899
Cash and investments - ending	\$ 161,270	\$ 93,707	\$ 1,441	\$ 27,447	\$ 324,660	\$ 1,000	\$ 609,525

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

	Bond And interest	Improvement Fund	Operating	Operating And Maintenance Reserve	Revenue Bond Fund	Revenue Lock Box	Totals
Cash and investments - beginning	\$ 161,270	\$ 93,707	\$ 1,441	\$ 27,447	\$ 324,660	\$ 1,000	\$ 609,525
Receipts:							
Utility fees	-	-	-	-	-	561,611	561,611
Other receipts	322,230	67,187	238,100	-	3	481	628,001
Total receipts	322,230	67,187	238,100	-	3	562,092	1,189,612
Disbursements:							
Debt service - principal and interest	321,800	-	-	-	-	-	321,800
Utility operating expenses	-	-	237,433	-	-	3,330	240,763
Other disbursements	-	68,670	-	-	-	558,761	627,431
Total disbursements	321,800	68,670	237,433	-	-	562,091	1,189,994
Excess (deficiency) of receipts over disbursements	430	(1,483)	667	-	3	1	(382)
Cash and investments - ending	\$ 161,700	\$ 92,224	\$ 2,108	\$ 27,447	\$ 324,663	\$ 1,001	\$ 609,143

LAKE GEORGE REGIONAL SEWER DISTRICT  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2014

<u>Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Wastewater	<u>\$ -</u>	<u>\$ 4,645</u>

LAKE GEORGE REGIONAL SEWER DISTRICT  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2014

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Enterprise activities:			
State Revolving Loan Funds	Build Wastewater System	\$ 433,000	\$ 322,660

LAKE GEORGE REGIONAL SEWER 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.

	<u>Ending Balance</u>
Land	\$ 126,168
Infrastructure	5,563,978
Buildings	189,631
Machinery, equipment, and vehicles	<u>1,205,984</u>
Total capital assets	<u>\$ 7,085,761</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/>.