



STATE OF INDIANA
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January 10, 2019

Board of Trustees
Adams Lake Regional Sewage District
P.O. BOX 430
Roanoke, IN 46783

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of Adams Lake Regional Sewage District. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2014 to December 31, 2017. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Adams Lake Regional Sewage District as of December 31, 2014, 2015, 2016 and 2017, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Report for Adams Lake Regional Sewage District was prepared in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

ADAMS LAKE REGIONAL SEWAGE DISTRICT
LaGrange County, Indiana

FINANCIAL STATEMENTS
December 31, 2014, 2015, 2016 and 2017

ADAMS LAKE REGIONAL SEWAGE DISTRICT
LaGrange County, Indiana

FINANCIAL STATEMENTS
December 31, 2014, 2015, 2016 and 2017

CONTENTS

SCHEDULE OF OFFICIALS (Unaudited)	1
INDEPENDENT AUDITOR'S REPORT	2
FINANCIAL STATEMENTS	
STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES – REGULATORY BASIS.....	4
NOTES TO FINANCIAL STATEMENTS	6
SUPPLEMENTARY INFORMATION (Unaudited)	
COMBINING SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES – REGULATORY BASIS.....	8
SCHEDULE OF PAYABLES AND RECEIVABLES	12
SCHEDULE OF CAPITAL ASSETS.....	13
OTHER REPORT	14

ADAMS LAKE REGIONAL SEWAGE DISTRICT
SCHEDULE OF OFFICIALS (Unaudited)
December 31, 2014, 2015, 2016 and 2017

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Linda L. Kiester	01-01-14 to 12-31-17
President of the Board	Phil Jacobs	01-01-14 to 12-31-17

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
Adams Lake Regional Sewage District
Roanoke, Indiana

Report on the Financial Statement

We have audited the accompanying statements of receipts, disbursements, and cash and investment balances of Adams Lake Regional Sewage District (the Unit) as of and for the years ended December 31, 2014, 2015, 2016 and 2017, and the related notes (the financial statements).

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6) as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statements, the Unit 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 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Unit as of December 31, 2014, 2015, 2016 and 2017, or changes in net position or cash flows thereof for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investment balances of the Unit as of December 31, 2014, 2015, 2016 and 2017, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Officials and Supplementary Information Schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.


Crowe LLP

Indianapolis, Indiana
December 3, 2018

ADAMS LAKE REGIONAL SEWAGE DISTRICT
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For The Years Ended December 31, 2014 And 2015

<u>Fund</u>	Cash and Investments <u>01-01-14</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-14</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-15</u>
CASH FUND	\$ 14,131	\$ 92,898	\$ 95,973	\$ 11,056	\$ 108,492	\$ 103,399	\$ 16,149
IMP FUND	<u>553,070</u>	<u>1,846</u>	<u>36,309</u>	<u>518,607</u>	<u>1,775</u>	<u>43,934</u>	<u>476,448</u>
Totals	<u>\$ 567,201</u>	<u>\$ 94,744</u>	<u>\$ 132,282</u>	<u>\$ 529,663</u>	<u>\$ 110,267</u>	<u>\$ 147,333</u>	<u>\$ 492,597</u>

See accompanying notes to financial statements.

ADAMS LAKE REGIONAL SEWAGE DISTRICT
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For The Years Ended December 31, 2016 And 2017

Fund	Cash and Investments <u>01-01-16</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-16</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-17</u>
CASH FUND	\$ 16,149	\$ 105,582	\$ 91,034	\$ 30,697	\$ 106,869	\$ 91,490	\$ 46,076
IMP FUND	<u>476,448</u>	<u>2,517</u>	<u>-</u>	<u>478,965</u>	<u>3,281</u>	<u>-</u>	<u>482,246</u>
Totals	<u>\$ 492,597</u>	<u>\$ 108,099</u>	<u>\$ 91,034</u>	<u>\$ 509,662</u>	<u>\$ 110,150</u>	<u>\$ 91,490</u>	<u>\$ 528,322</u>

See accompanyin notes to the financial statements.

ADAMS LAKE REGIONAL SEWAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Adams Lake Regional Sewage District (the Unit) was established under the laws of the State of Indiana. The Unit operates under an appointed governing board.

The accompanying financial statement presents the financial information for the Unit.

Basis of Accounting: The financial statement is 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 (GAAP), 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. The regulatory basis also allows for all investments to be state at cost, while GAAP requires fair value for qualifying investments.

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.

Receipts: Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Charges for services. Amounts received including, but 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 television receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits. Amounts received including receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Other receipts. 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.

Disbursements: Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services. Amounts disbursed 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. Amounts disbursed for 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.

(Continued)

ADAMS LAKE REGIONAL SEWAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other services and charges. Amounts disbursed for services including, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Interfund Transfers: The Unit may, from time to time, make transfers 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.

Fund Accounting: Separate funds are established, maintained, and reported by the Unit. Each fund is used to account for amounts 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 Unit. The amounts 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 Unit 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 (PDIF). This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Unit to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units. Given the limited investment parameters applicable under state statute, certain risks, such as credit, custodial, concentration, and interest rate are not deemed significant. As of the years ended December 31, 2014, 2015, 2016 and 2017, the Unit held investments in non-negotiable certificates of deposit.

The Unit held cash deposits with financial institutions that maintained FDIC and PDIF coverages, as applicable.

NOTE 3 - RISK MANAGEMENT

The Unit may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions 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 Unit to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

The Unit has purchased insurance to address the risks described above.

SUPPLEMENTAL SCHEDULES (Unaudited)

ADAMS LAKE REGIONAL SEWAGE DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2014

	<u>CASH</u> <u>FUND</u>	<u>IMP</u> <u>FUND</u>	<u>Totals</u>
Cash and investments - beginning	\$ 14,131	\$ 553,070	\$ 567,201
Receipts:			
Charges for services	92,329	-	92,329
Penalties	567	-	567
Other receipts	<u>2</u>	<u>1,846</u>	<u>1,848</u>
Total receipts	<u>92,898</u>	<u>1,846</u>	<u>94,744</u>
Disbursements:			
Personal services	1,800	-	1,800
Supplies	12,194	36,309	48,503
Other services and charges	<u>81,979</u>	<u>-</u>	<u>81,979</u>
Total disbursements	<u>95,973</u>	<u>36,309</u>	<u>132,282</u>
Excess (deficiency) of receipts over disbursements	<u>(3,075)</u>	<u>(34,463)</u>	<u>(37,538)</u>
Cash and investments - ending	<u>\$ 11,056</u>	<u>\$ 518,607</u>	<u>\$ 529,663</u>

ADAMS LAKE REGIONAL SEWAGE DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2015

	<u>CASH FUND</u>	<u>IMP FUND</u>	<u>Totals</u>
Cash and investments - beginning	\$ 11,056	\$ 518,607	\$ 529,663
Receipts:			
Charges for services	106,518	-	106,518
Penalties	867	-	867
Other receipts	<u>1,107</u>	<u>1,775</u>	<u>2,882</u>
Total receipts	<u>108,492</u>	<u>1,775</u>	<u>110,267</u>
Disbursements:			
Supplies	10,238	43,934	54,172
Other services and charges	<u>93,161</u>	<u>-</u>	<u>93,161</u>
Total disbursements	<u>103,399</u>	<u>43,934</u>	<u>147,333</u>
Excess (deficiency) of receipts over disbursements	<u>5,093</u>	<u>(42,159)</u>	<u>(37,066)</u>
Cash and investments - ending	<u>\$ 16,149</u>	<u>\$ 476,448</u>	<u>\$ 492,597</u>

ADAMS LAKE REGIONAL SEWAGE DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2016

	<u>CASH FUND</u>	<u>IMP FUND</u>	<u>Totals</u>
Cash and investments - beginning	\$ 16,149	\$ 476,448	\$ 492,597
Receipts:			
Charges for services	104,932	-	104,932
Penalties	641	-	641
Other receipts	<u>9</u>	<u>2,517</u>	<u>2,526</u>
Total receipts	<u>105,582</u>	<u>2,517</u>	<u>108,099</u>
Disbursements:			
Personal services	19,850	-	19,850
Supplies	7,867	-	7,867
Other services and charges	<u>63,317</u>	<u>-</u>	<u>63,317</u>
Total disbursements	<u>91,034</u>	<u>-</u>	<u>91,034</u>
Excess (deficiency) of receipts over disbursements	<u>14,548</u>	<u>2,517</u>	<u>17,065</u>
Cash and investments - ending	<u>\$ 30,697</u>	<u>\$ 478,965</u>	<u>\$ 509,662</u>

ADAMS LAKE REGIONAL SEWAGE DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2017

	<u>CASH FUND</u>	<u>IMP FUND</u>	<u>Totals</u>
Cash and investments - beginning	\$ 30,697	\$ 478,965	\$ 509,662
Receipts:			
Charges for services	106,291	-	106,291
Penalties	567	-	567
Other receipts	<u>11</u>	<u>3,281</u>	<u>3,292</u>
Total receipts	<u>106,869</u>	<u>3,281</u>	<u>110,150</u>
Disbursements:			
Personal services	53,600	-	53,600
Supplies	12,285	-	12,285
Other services and charges	<u>25,605</u>	<u>-</u>	<u>25,605</u>
Total disbursements	<u>91,490</u>	<u>-</u>	<u>91,490</u>
Excess (deficiency) of receipts over disbursements	<u>15,379</u>	<u>3,281</u>	<u>18,660</u>
Cash and investments - ending	<u>\$ 46,076</u>	<u>\$ 482,246</u>	<u>\$ 528,322</u>

ADAMS LAKE REGIONAL SEWAGE DISTRICT
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ <u>5,501</u>	\$ <u>-</u>

ADAMS LAKE REGIONAL SEWAGE DISTRICT
SCHEDULE OF CAPITAL ASSETS
December 31, 2017

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>
Governmental activities:	
Land	\$ 83,685
Buildings	316,755
Improvements other than buildings	2,314,680
Machinery, equipment and vehicles	<u>27,048</u>
Total governmental activities	<u>2,742,168</u>
Total capital assets	<u>\$ 2,742,168</u>

ADAMS LAKE REGIONAL SEWAGE DISTRICT
OTHER REPORT
December 31, 2014, 2015, 2016 and 2017

The reports presented herein were prepared in addition to another official report prepared for the Unit as listed below:

Indiana State Board of Accounts Compliance Examination of Adams Lake Regional Sewage District.

The above report contains the results of the compliance examination as required by the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts*.