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January 10, 2019

Board of Trustees  
LaGrange County Regional Utility District  
P.O. Box 270  
LaGrange, IN 46761

This report is supplemental to the audit report of the LaGrange County Regional Utility District (District), for the period from January 1, 2017 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the District. It should be read in conjunction with the financial statement audit report of the District, which provides an opinion on the District's financial statements. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the District and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for LaGrange County Regional Utility District prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2017 to December 31, 2017. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the finding in the report. Page 3 contains one Examination Finding and Result. Management's response may be found on page 5.

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

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

**COMPLIANCE EXAMINATION OF  
LAGRANGE COUNTY REGIONAL UTILITY DISTRICT**  
LaGrange County, Indiana  
January 1, 2017 to December 31, 2017

LAGRANGE COUNTY REGIONAL UTILITY DISTRICT  
LaGrange County, Indiana  
January 1, 2017 to December 31, 2017

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LAGRANGE COUNTY REGIONAL UTILITY DISTRICT  
SCHEDULE OF OFFICIALS  
January 1, 2017 to December 31, 2017

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<u>Office</u>	<u>Official</u>	<u>Term</u>
General Manager	Adam Sams	01-01-17 to 12-31-17
District Administrator	Jeanette Combs	01-01-17 to 12-31-17
Treasurer	Dennis Davis	01-01-17 to 12-31-17
President of the Board	Patrick Wilshire	01-01-17 to 12-31-17

## INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and  
Management of LaGrange County Regional Utility District

We have examined LaGrange County Regional Utility District's ("Unit") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2017 to December 31, 2017. Management of the Unit is responsible for the Unit's compliance with the specified requirements. Our responsibility is to express an opinion on the Unit's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Unit complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Unit complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

Our examination does not provide a legal determination on the Unit's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Special Districts* applicable to the Unit during the period January 1, 2017 to December 31, 2017, as described in item 2018-001 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Unit complied, in all material respects, with the aforementioned requirements during the period January 1, 2017 to December 31, 2017.

The Unit's response to the finding identified in our examination is described in the accompanying Schedule of Examination Findings and Results. The Unit's response was not subjected to the procedures applied in the examination of compliance and, accordingly, we express no opinion on it.

  
Crowe LLP

Indianapolis, Indiana  
November 30, 2018

LAGRANGE COUNTY REGIONAL UTILITY DISTRICT  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2017 to December 31, 2017

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**FINDING 2018-001: MINIMUM LEVEL OF INTERNAL CONTROLS**

**Criteria:** The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual: "*Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes. An integral part of the control activity component is segregation of duties. . . . There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .*"

**Condition:** During review of transfers it was noted some of the transfers are actually journal entries only. Crowe requested supporting documents of these journal entries and corroborating evidence that controls were being performed for journal entries. Client noted there is no supporting documentation kept in relation to the journal entries or proof of the controls being performed.

LAGRANGE COUNTY REGIONAL UTILITY DISTRICT  
EXIT CONFERENCE  
January 1, 2017 to December 31, 2017

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The contents of this report were discussed on November 30, 2018, with Jeanette Combs, District Administrator, Denny Davis, Treasurer, and Patrick Wiltshire, President of the Board. The officials acknowledged the finding. The Official Response has been made a part of this report and may be found immediately following the findings on the previous page.



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## CORRECTIVE ACTION PLAN

December 7, 2018

### FINDING 2018-001: MINIMUM LEVEL OF INTERNAL CONTROLS.

Contact Person: Jeanette Combs, District Administrator  
Phone: 260-499-6349  
e-Mail Address: [lcrudistrict@gmail.com](mailto:lcrudistrict@gmail.com)

Responsible for Corrective Action: Jeanette Combs, District Administrator

#### Description of Corrective Action Plan:

The LaGrange County Regional Utility District (The District) acknowledges that its system of internal controls supporting journal entries for transfers was not sufficient, nor was their sufficient supporting documentation of such entries.

The District will take the following steps to remedy the finding:

- 1 Create a report titled **JOURNAL ENTRIES** that contains a list of journal entries for funds transfers including the following information: date of entry, account number, description of entry and the amount of the transaction. The report shall be shared with the Treasurer of the District for his/her review. The Treasurer shall present to the Board of Trustees at the following regular meeting, along with other information included in the monthly financial report, and obtain formal approval from the Board.
  - 1.1 Status: Completed
  - 1.2 Date: 10/24/2018
- 2 Update the District's Manual of Internal Controls to reflect additional control established for review of journal entries for transfers and any transactions that must be processed as journal entries.
  - 2.1 Status: In progress
  - 2.2 Date: Will be completed by 01/31/2019
- 3 Conduct employee awareness of and training in use of updates to District Internal Controls
  - 3.1 Status: In progress
  - 3.2 Date: Annual employee internal controls training session is scheduled for 12/11/2018.

Handwritten signature of Jeanette Combs in black ink.

Jeanette Combs  
District Administrator

Handwritten signature of Adam Sams in black ink.

Adam Sams  
General Manager