



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B51897

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

January 23, 2019

Board of Trustees
Koontz Lake Regional Sewer District
P.O. Box 204
Walkerton, IN 46574

This report is supplemental to the audit report of the Koontz Lake Regional Sewer District (District), for the period from January 1, 2015 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/.

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 Koontz Lake Regional Sewer District prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2015 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 findings in the report. Page 3 contains two Examination Findings and Results. 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
KOONTZ LAKE REGIONAL SEWER DISTRICT**

Starke County, Indiana
January 1, 2015 to December 31, 2017

KOONTZ LAKE REGIONAL SEWER DISTRICT

Starke County, Indiana
January 1, 2015 to December 31, 2017

CONTENTS

SCHEDULE OF OFFICIALS 1

INDEPENDENT ACCOUNTANT'S REPORT 2

SCHEDULE OF EXAMINATION FINDINGS AND RESULTS:

 2018-001: OFFICIAL BOND 3

 2018-002: ORDINANCES AND RESOLUTIONS 3

EXIT CONFERENCE 4

KOONTZ LAKE REGIONAL SEWER DISTRICT
SCHEDULE OF OFFICIALS
January 1, 2015 to December 31, 2017

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Michael B. McKenna	01-01-15 to 12-31-17
President of the Board	James Jackson	01-01-15 to 12-31-17

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of Koontz Lake Regional Sewer District

We have examined Koontz Lake Regional Sewer 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, 2015 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, 2015 to December 31, 2017, as described in items 2018-001 and 2018-002 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, 2015 to December 31, 2017.

The Unit's responses to the findings identified in our examination are described in the accompanying Schedule of Examination Findings and Results. The Unit's responses were not subjected to the procedures applied in the examination of compliance and, accordingly, we express no opinion on them.


Crowe LLP

Indianapolis, Indiana
December 3, 2018

KOONTZ LAKE REGIONAL SEWER DISTRICT
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2015 to December 31, 2017

FINDING 2018-001: OFFICIAL BOND

Criteria: Indiana Code 13-26-2-10 states in part, "the commissioner shall issue an order directing that the district be established...(b) An order must do the following:...(2) provide requirements for sufficient bonds for all officers, trustees, or employees having power to dispense money of the district."

Condition: During testing, we noted the Unit did not meet the requirements of IC 13-26-2-10 with respect to surety bond requirements. We noted this is a recurring finding.

FINDING 2018-002: ORDINANCES AND RESOLUTIONS

Criteria: Chapter 10 of the Accounting and Uniform Compliance Guidelines Manual for Special Districts states in part, "Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts."

Condition: During testing, we noted the Unit has not created an operating and maintenance fund or sinking fund or separate construction account as required by bond ordinance 2009-1. The Unit's financial statements show all financial transactions accounted for in a general fund. We noted this is a recurring finding.

KOONTZ LAKE REGIONAL SEWER DISTRICT
EXIT CONFERENCE
January 1, 2015 to December 31, 2017

The contents of this report were discussed on December 3, 2018, with Michael McKenna, Treasurer, and James Jackson, President of the Board. The officials acknowledged the findings. The Official Response has been made a part of this report and may be found immediately following the findings on the previous page.

KOONTZ LAKE REGIONAL SEWER DISTRICT

P.O. Box 204
Walkerton, IN 46574

December 3, 2018

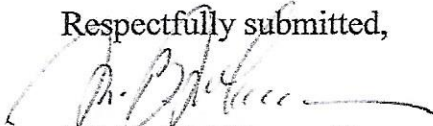
To: Indiana State Board of Account
Crowe LLP

Re: Response to Findings
Compliance Examination Jan 1, 2015 to Dec 31 2017

Finding 2018-001 Official Bond: Although the KLRSD carries Criminal Crime insurance that serves the same purpose as a surety bond, the Board will consider securing the surety bond as an alternative that satisfies the code.

Finding 2018-002 Ordinances and Resolutions: Although the KLRSD currently identifies and records specific funds as O&M, Debt Service, Debt Repayment and Capital Improvement, the Treasurer will seek to create individual fund accounts in Indiana Gateway for annual reporting.

Respectfully submitted,



Michael McKenna, Treasurer KLRSD



James Jackson, President KLRSD

.....
This institution is an equal opportunity provider and employer.