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STATE OF INDIANA

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December 31, 2020

Board of Trustees
Twin Lakes Regional Sewer District
921 W Executive Court
Monticello, IN 47960

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of Twin Lakes Regional Sewer District. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2018 to December 31, 2019. Per the *Independent Auditor's Report,* the financial statements included in the report present fairly the financial condition of Twin Lakes Regional Sewer District as of December 31, 2018 and 2019, 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 Twin Lakes Regional Sewer 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.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

TWIN LAKES REGIONAL SEWER DISTRICT

White County, Indiana

FINANCIAL STATEMENTS

December 31, 2018 and 2019

TWIN LAKES REGIONAL SEWER DISTRICT
White County, Indiana

FINANCIAL STATEMENTS
December 31, 2018 and 2019

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TWIN LAKES REGIONAL SEWER DISTRICT
SCHEDULE OF OFFICIALS (Unaudited)
December 31, 2018 and 2019

Office	Official	Term
Superintendent	Michael Darter	01-01-18 to 12-31-19
Office and Financial Manager	Jacqueline Franklin	01-01-18 to 12-31-19
Treasurer	Donald Koleszar	01-01-18 to 12-31-19
President of the Board of Trustees	Jamie Rough	01-01-18 to 12-31-19

Crowe

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
Twin Lakes Regional Sewer District
Monticello, Indiana

Report on the Financial Statement

We have audited the accompanying statements of receipts, disbursements, and cash and investment balances of Twin Lakes Regional Sewer District (the Unit) as of and for the years ended December 31, 2018 and 2019, 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, 2018 and 2019, 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, 2018 and 2019, 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

Crowe LLP

Indianapolis, Indiana
December 22, 2020

TWIN LAKES REGIONAL SEWER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended December 31, 2018 and 2019

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18	Receipts	Disbursements	Cash and Investments 12-31-19
Sewer Construction Fund	$ -	$ 302,176	$ 302,176	$ -	$ -	$ -	$ -
Sewer Debt Service Reserve	2,294,189	279,022	150,020	2,423,191	218,237	86,144	2,555,284
Sewer Debt Service Reserve II	31,150	71,430	63,000	39,580	-	39,580	-
Sewer Cash In Drawer	500	-	-	500	-	-	500
Sewer Operation & Maintenance Fund	620,223	5,954,792	6,042,847	532,168	6,125,635	6,007,223	650,580
Sewer Payroll Fund	620	775,533	775,175	978	744,751	745,433	296
Sewer Petty Cash Fund	1,876	41,397	42,373	900	21,145	20,394	1,651
Sewer Petty Cash In Drawer	100	-	-	100	-	-	100
Sewer Capital Improvement Fund	2,234,432	754,643	499,816	2,489,259	1,062,148	357,905	3,193,502
Sewer Sinking Fund	213,046	2,546,741	2,546,044	213,743	2,547,997	2,545,996	215,744
Totals	$ 5,396,136	$ 10,725,734	$ 10,421,451	$ 5,700,419	$ 10,719,913	$ 9,802,675	$ 6,617,657

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Twin Lakes Regional Sewer 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 stated 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:

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.

Other disbursements. Amounts disbursed for various purposes including, but not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, lease agreements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 - BUDGETS

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Unit submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

NOTE 3 - 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.

The Unit held cash deposits and certificates of deposit with financial institutions that maintained FDIC and PDIF coverages, as applicable. The Unit did not hold investments for any of the years under audit.

NOTE 4 - 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.

(Continued)

NOTE 5 - DEBT

In 2011, the Unit issued the 2011 Phase IV Revenue Bond, Series A in the amount of $9,000,000 for the purpose of a wastewater collection construction project. The bond matures on July 1, 2051. The Unit made principal and interest payments during the year under audit.

In 2011, the Unit issued the 2011 Phase IV Revenue Bond, Series B in the amount of $67,000 for the purpose of a wastewater collection construction project. The bond matures on July 1, 2051. The Unit made principal and interest payments during the year under audit.

In 2015, the Unit issued the Sewage Works Revenue and Refunding Revenue Bonds of 2015 in the amount of $37,130,000 for the purpose of the construction of the Idaville sanitary sewer and Snow Ditch wastewater treatment plant improvements. The bonds mature on July 1, 2044. The Unit made principal and interest payments during the year under audit.

NOTE 6 - LEASES

During 2016, the Unit entered into a lease for a Postage Meter expiring in 2021. The Unit made lease payments during 2018 and 2019.

During 2018, the Unit entered into a lease for a Copier expiring in 2023. The Unit made lease payments during 2018 and 2019.

NOTE 7 – RECENT EVENTS

In December 2019, a novel strain of coronavirus surfaced and spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Organization may be materially affected by this global pandemic. The Unit has budgeted for operations and has continued to maintain business operations during 2020 to date. The extent to which the coronavirus may affect revenues and other business activity will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

SUPPLEMENTAL SCHEDULES (Unaudited)

TWIN LAKES REGIONAL SEWER DISTRICT
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2018

	Sewer Construction Fund	Sewer Debt Service Reserve	Sewer Debt Service Reserve II	Sewer Cash In Drawer	Sewer Operation & Maintenance Fund	Sewer Payroll Fund	Sewer Petty Cash Fund	Sewer Petty Cash In Drawer	Sewer Capital Improvement Fund	Sewer Sinking Fund	Totals
Cash and investments - beginning	$ -	$ 2,294,189	$ 31,150	$ 500	$ 620,223	$ 620	$ 1,876	$ 100	$ 2,234,432	$ 213,046	$ 5,396,136
Receipts:											
Other receipts	302,176	279,022	71,430	-	5,954,792	775,533	41,397	-	754,643	2,546,741	10,725,734
Total receipts	302,176	279,022	71,430	-	5,954,792	775,533	41,397	-	754,643	2,546,741	10,725,734
Disbursements:											
Personal services	-	-	-	-	-	775,175	-	-	-	-	775,175
Other disbursements	302,176	150,020	63,000	-	6,042,847	-	42,373	-	499,816	2,546,044	9,646,276
Total disbursements	302,176	150,020	63,000	-	6,042,847	775,175	42,373	-	499,816	2,546,044	10,421,451
Excess (deficiency) of receipts over disbursements	-	129,002	8,430	-	(88,055)	358	(976)	-	254,827	697	304,283
Cash and investments - ending	$ -	$ 2,423,191	$ 39,580	$ 500	$ 532,168	$ 978	$ 900	$ 100	$ 2,489,259	$ 213,743	$ 5,700,419

TWIN LAKES REGIONAL SEWER DISTRICT
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2019

	Sewer Construction Fund	Sewer Debt Service Reserve	Sewer Debt Service Reserve II	Sewer Cash In Drawer	Sewer Operation & Maintenance Fund	Sewer Payroll Fund	Sewer Petty Cash Fund	Sewer Petty Cash In Drawer	Sewer Capital Improvement Fund	Sewer Sinking Fund	Totals
Cash and investments - beginning	$ -	$ 2,423,191	$ 39,580	$ 500	$ 532,168	$ 978	$ 900	$ 100	$ 2,489,259	$ 213,743	$ 5,700,419
Receipts:											
Other receipts	-	218,237	-	-	6,125,635	744,751	21,145	-	1,062,148	2,547,997	10,719,913
Total receipts	-	218,237	-	-	6,125,635	744,751	21,145	-	1,062,148	2,547,997	10,719,913
Disbursements:											
Personal services	-	-	-	-	-	745,433	-	-	-	-	745,433
Other disbursements	-	86,144	39,580	-	6,007,223	-	20,394	-	357,905	2,545,996	9,057,242
Total disbursements	-	86,144	39,580	-	6,007,223	745,433	20,394	-	357,905	2,545,996	9,802,675
Excess (deficiency) of receipts over disbursements	-	132,093	(39,580)	-	118,412	(682)	751	-	704,243	2,001	917,238
Cash and investments - ending	$ -	$ 2,555,284	$ -	$ 500	$ 650,580	$ 296	$ 1,651	$ 100	$ 3,193,502	$ 215,744	$ 6,617,657

TWIN LAKES REGIONAL SEWER DISTRICT
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2019

Government or Enterprise	Accounts Payable	Accounts Receivable
Sewer	$ 165,184	$ 283,414
Governmental activities	-	-
Totals	$ 165,184	$ 283,414

TWIN LAKES REGIONAL SEWER DISTRICT
SCHEDULE OF LEASES AND DEBT
December 31, 2019

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Sewer:				
Cardinal	Copier	$ 1,321	7/1/2018	6/30/2023
Pitney Bowes	Postage Meter	1,888	11/15/2016	11/14/2021
Total Sewer		3,209		
Total of annual lease payments		$ 3,209		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Sewer:			
Revenue bonds	22280.61 - Phase 4 - Series A - Revenue Bond	$ 8,306,000	$ -
Revenue bonds	22290.61 - Phase 4 - Series B - Revenue Bond	61,400	-
Revenue bonds	22300.61 - 2015 Bonds	34,078,076	-
Total Sewer		42,445,476	-
Totals		$ 42,445,476	$ -

TWIN LAKES REGIONAL SEWER DISTRICT
SCHEDULE OF CAPITAL ASSETS
December 31, 2019

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.

	Ending Balance
Governmental activities:	
Total governmental activities	$ -
Sewer:	
Land	231,809
Infrastructure	55,158,229
Buildings	22,540,775
Machinery, equipment, and vehicles	411,817
Total Sewer	78,342,630
Total capital assets	$ 78,342,630

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 Twin Lakes Regional Sewer 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.*