

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

LAGRANGE COUNTY REGIONAL UTILITY DISTRICT

LAGRANGE COUNTY, INDIANA

January 1, 2019 to December 31, 2020



FILED
12/27/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
General Manager	Adam Sams	01-01-19 to 12-31-21
District Administrator	Jeanette Combs	01-01-19 to 12-31-21
Treasurer	Kathy Miller	01-01-19 to 12-31-21
President of the District Board	Dennis Davis Gerry W. Turner	01-01-19 to 05-16-19 05-17-19 to 12-31-21



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE LAGRANGE COUNTY REGIONAL
UTILITY DISTRICT, LAGRANGE COUNTY, INDIANA

This report is supplemental to our audit report of the LaGrange County Regional Utility District (District), for the period from January 1, 2019 to December 31, 2020. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the District. It should be read in conjunction with our Financial Statement Audit Report of the District, which provides our opinions on the District's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

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

December 7, 2021

LAGRANGE COUNTY REGIONAL UTILITY DISTRICT
AUDIT RESULTS AND COMMENTS

INCORRECT BILLING FEES FOR FAWN RIVER CROSSING

Condition and Context

In September 2015, Ordinance 2015-9-29 (A) was approved by the District Board of Trustees. This ordinance established a three-phase sewer rate increase for Fawn River Crossing with effective dates of January 1, 2016, January 1, 2017, and January 1, 2018, for each phase, respectively. The District did not update its billing software with each phase. Calendar years 2017, 2018, 2019, and 2020 were all billed at the January 1, 2016 effective rate, which affected 18 customers.

Criteria

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts.

Fees can only be collected as specifically authorized by law or properly authorized ordinance/resolution. When a fee is NOT specified by law, but instead through the use of an ordinance/resolution, sufficient authoritative reference should be maintained. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

ANNUAL FINANCIAL REPORT

Condition and Context

The District utilized multiple State Revolving Fund loans for the purpose of updating utility systems. The contracted vendors were paid directly by the Bank of New York from the loan accounts. The District did not record the financial activity of the loans on its records. The District also did not report the financial activity into the Indiana Gateway for Government Units financial system, which is the source of the Annual Financial Report (AFR) and financial statement. As a result, the receipts and disbursements of the AFR and financial statement were understated by \$25,998,217 and \$19,723,843 for the combined years, respectively.

LAGRANGE COUNTY REGIONAL UTILITY DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

Audit adjustments were proposed, accepted by the District, and made to the AFR and financial statement.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

BANK ACCOUNT RECONCILIATIONS

Condition and Context

The District did not include the Bank of New York activity from the Bond Anticipation Note accounts or the Construction accounts in the required monthly bank reconcilements.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

LAGRANGE COUNTY REGIONAL UTILITY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on December 7, 2021, with Adam Sams, General Manager; Jeanette Combs, District Administrator; Kathy Miller, Treasurer; Gerry W. Turner, President of the District Board; Philip Malone, District Board member; and David Gunter, District Board member.