

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

FINANCIAL STATEMENTS AUDIT REPORT

OF

BEAR HIGH WOLF LAKE REGIONAL SEWER DISTRICT

NOBLE COUNTY, INDIANA

January 1, 2018 to December 31, 2021



**FILED**  
11/17/2022



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Linda Keister	01-01-18 to 12-31-22
President of the District Board	Judy Weisenburger	01-01-18 to 12-31-18
	Jeffery Boyle	01-01-19 to 12-31-22



## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE BEAR HIGH WOLF LAKE REGIONAL  
SEWER DISTRICT, NOBLE COUNTY, INDIANA

### ***Adverse and Unmodified Opinions***

We have audited the accompanying financial statements of the Bear High Wolf Lake Regional Sewer District (District), which comprise the financial position and results of operations as of and for the period of January 1, 2018 to December 31, 2021, and the related notes to the financial statements as listed in the Table of Contents.

#### ***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 and Unmodified Opinions* section of our report, the financial statements referred to above do not present fairly, the financial position and results of operations of the District as of December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

#### ***Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position and results of operations of the District, as of December 31, 2021, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

### ***Basis for Adverse and Unmodified Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 to the financial statements, the District 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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Management's Responsibilities for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Required Supplementary Information**

Financial reporting requirements established by the Indiana State Board of Accounts, as described in Note 1, require that the Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by reporting requirements established by the Indiana State Board of Accounts who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Management is responsible for the other information included in the Annual Financial Report. The other information comprises the Schedule of Payables and Receivables and Schedule of Leases and Debt, as listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we concluded that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Beth Kelley, CPA, CFE  
Deputy State Examiner

November 1, 2022

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FINANCIAL STATEMENTS AND ACCOMPANYING NOTES; REQUIRED SUPPLEMENTARY  
INFORMATION; AND OTHER INFORMATION

The financial statements and accompanying notes were approved by management of the District. The financial statements and notes are presented as intended by the District.

The District's Annual Financial Reports information can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the District's Annual Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the District. It is presented as intended by the District.

BEAR HIGH WOLF LAKE 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
CASH OPERATING	\$ 158,796	\$ 296,172	\$ 271,195	\$ 183,773	\$ 292,258	\$ 256,194	\$ 219,837
RESERVE	83,584	-	-	83,584	-	-	83,584
BOND & SINKING	-	83,584	83,568	16	83,584	83,570	30
Totals	<u>\$ 242,380</u>	<u>\$ 379,756</u>	<u>\$ 354,763</u>	<u>\$ 267,373</u>	<u>\$ 375,842</u>	<u>\$ 339,764</u>	<u>\$ 303,451</u>

The notes to the financial statements are an integral part of this statement.

BEAR HIGH WOLF LAKE REGIONAL SEWER DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
CASH OPERATING	\$ 219,837	\$ 293,580	\$ 272,512	\$ 240,905	\$ 284,698	\$ 247,765	\$ 277,838
RESERVE	83,584	-	-	83,584	-	-	83,584
BOND & SINKING	<u>30</u>	<u>83,584</u>	<u>83,563</u>	<u>51</u>	<u>83,584</u>	<u>83,555</u>	<u>80</u>
Totals	<u>\$ 303,451</u>	<u>\$ 377,164</u>	<u>\$ 356,075</u>	<u>\$ 324,540</u>	<u>\$ 368,282</u>	<u>\$ 331,320</u>	<u>\$ 361,502</u>

The notes to the financial statements are an integral part of this statement.

BEAR HIGH WOLF LAKE REGIONAL SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The District was established under the laws of the State of Indiana. The District operates under a governing board.

The accompanying financial statements present the financial information for the District.

**B. Basis of Accounting**

The financial statements are 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, 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.

**C. 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.

**D. Receipts**

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

*Charges for services.* Amounts received from charges for current services.

*Penalties.* Amounts received from late payment fees.

*Other receipts.* Amounts received from various sources, including, but 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.

**E. Disbursements**

Disbursements are presented in the aggregate on the face of the financial statements. 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.

BEAR HIGH WOLF LAKE REGIONAL SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

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

*Debt service - principal and interest.* Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the District. It includes all expenditures for the reduction of the principal and interest of the District's general obligation indebtedness.

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

**F. Interfund Transfers**

The District 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.

**G. Fund Accounting**

Separate funds are established, maintained, and reported by the District. 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 District. 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 District 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. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the District 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.

BEAR HIGH WOLF LAKE REGIONAL SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS

**Note 3. Risk Management**

The District may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; 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 District to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 4. Subsequent Events**

In March 2023, the District is set to close on a State Revolving Fund Loan in the amount of \$5,375,140 to be used for wastewater treatment plant.

REQUIRED SUPPLEMENTARY INFORMATION

BEAR HIGH WOLF LAKE REGIONAL SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS

For the Year Ended December 31, 2018

	<u>CASH OPERATING</u>	<u>RESERVE</u>	<u>BOND &amp; SINKING</u>	<u>Totals</u>
Cash and investments - beginning	\$ 158,796	\$ 83,584	\$ -	\$ 242,380
Receipts:				
Charges for services	291,300	-	-	291,300
Penalties	4,028	-	-	4,028
Other receipts	<u>844</u>	<u>-</u>	<u>83,584</u>	<u>84,428</u>
Total receipts	<u>296,172</u>	<u>-</u>	<u>83,584</u>	<u>379,756</u>
Disbursements:				
Personal services	3,750	-	-	3,750
Supplies	45,291	-	-	45,291
Other services and charges	138,570	-	-	138,570
Debt service - principal and interest	-	-	83,568	83,568
Other disbursements	<u>83,584</u>	<u>-</u>	<u>-</u>	<u>83,584</u>
Total disbursements	<u>271,195</u>	<u>-</u>	<u>83,568</u>	<u>354,763</u>
Excess (deficiency) of receipts over disbursements	<u>24,977</u>	<u>-</u>	<u>16</u>	<u>24,993</u>
Cash and investments - ending	<u>\$ 183,773</u>	<u>\$ 83,584</u>	<u>\$ 16</u>	<u>\$ 267,373</u>

BEAR HIGH WOLF LAKE REGIONAL SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS

For the Year Ended December 31, 2019

	CASH OPERATING	RESERVE	BOND & SINKING	Totals
Cash and investments - beginning	\$ 183,773	\$ 83,584	\$ 16	\$ 267,373
Receipts:				
Charges for services	286,661	-	-	286,661
Penalties	4,313	-	-	4,313
Other receipts	<u>1,284</u>	<u>-</u>	<u>83,584</u>	<u>84,868</u>
Total receipts	<u>292,258</u>	<u>-</u>	<u>83,584</u>	<u>375,842</u>
Disbursements:				
Personal services	2,850	-	-	2,850
Supplies	27,762	-	-	27,762
Other services and charges	141,998	-	-	141,998
Debt service - principal and interest	-	-	83,570	83,570
Other disbursements	<u>83,584</u>	<u>-</u>	<u>-</u>	<u>83,584</u>
Total disbursements	<u>256,194</u>	<u>-</u>	<u>83,570</u>	<u>339,764</u>
Excess (deficiency) of receipts over disbursements	<u>36,064</u>	<u>-</u>	<u>14</u>	<u>36,078</u>
Cash and investments - ending	<u>\$ 219,837</u>	<u>\$ 83,584</u>	<u>\$ 30</u>	<u>\$ 303,451</u>

BEAR HIGH WOLF LAKE REGIONAL SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS

For the Year Ended December 31, 2020

	CASH OPERATING	RESERVE	BOND & SINKING	Totals
Cash and investments - beginning	\$ 219,837	\$ 83,584	\$ 30	\$ 303,451
Receipts:				
Charges for services	290,468	-	-	290,468
Penalties	2,170	-	-	2,170
Other receipts	<u>942</u>	<u>-</u>	<u>83,584</u>	<u>84,526</u>
Total receipts	<u>293,580</u>	<u>-</u>	<u>83,584</u>	<u>377,164</u>
Disbursements:				
Personal services	3,050	-	-	3,050
Supplies	39,680	-	-	39,680
Other services and charges	146,198	-	-	146,198
Debt service - principal and interest	-	-	83,563	83,563
Other disbursements	<u>83,584</u>	<u>-</u>	<u>-</u>	<u>83,584</u>
Total disbursements	<u>272,512</u>	<u>-</u>	<u>83,563</u>	<u>356,075</u>
Excess (deficiency) of receipts over disbursements	<u>21,068</u>	<u>-</u>	<u>21</u>	<u>21,089</u>
Cash and investments - ending	<u>\$ 240,905</u>	<u>\$ 83,584</u>	<u>\$ 51</u>	<u>\$ 324,540</u>

BEAR HIGH WOLF LAKE REGIONAL SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS

For the Year Ended December 31, 2021

	<u>CASH OPERATING</u>	<u>RESERVE</u>	<u>BOND &amp; SINKING</u>	<u>Totals</u>
Cash and investments - beginning	\$ 240,905	\$ 83,584	\$ 51	\$ 324,540
Receipts:				
Charges for services	281,064	-	-	281,064
Penalties	2,931	-	-	2,931
Other receipts	<u>703</u>	<u>-</u>	<u>83,584</u>	<u>84,287</u>
Total receipts	<u>284,698</u>	<u>-</u>	<u>83,584</u>	<u>368,282</u>
Disbursements:				
Personal services	2,270	-	-	2,270
Supplies	5,013	-	-	5,013
Other services and charges	156,898	-	-	156,898
Debt service - principal and interest	-	-	83,555	83,555
Other disbursements	<u>83,584</u>	<u>-</u>	<u>-</u>	<u>83,584</u>
Total disbursements	<u>247,765</u>	<u>-</u>	<u>83,555</u>	<u>331,320</u>
Excess (deficiency) of receipts over disbursements	<u>36,933</u>	<u>-</u>	<u>29</u>	<u>36,962</u>
Cash and investments - ending	<u>\$ 277,838</u>	<u>\$ 83,584</u>	<u>\$ 80</u>	<u>\$ 361,502</u>

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OTHER INFORMATION

BEAR HIGH WOLF LAKE REGIONAL SEWER DISTRICT  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2021

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 9,839</u>	<u>\$ 7,373</u>

BEAR HIGH WOLF LAKE REGIONAL SEWER DISTRICT  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2021

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities: Notes and Loans Payable	FIRST MERCHANTS BANK	\$ 1,061,317	\$ 83,563
Totals		<u>\$ 1,061,317</u>	<u>\$ 83,563</u>

## OTHER REPORTS

In addition to this report, other reports may have been issued for the District. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.