

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

EXAMINATION REPORT

OF

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT

ALLEN COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
01/26/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Office Manager	Jerry Spindler Lenore Schindler Brookie Biglands	01-01-06 to 12-04-06 12-05-06 to 04-29-07 04-30-07 to 12-31-09
President of the Board	James Perrin	01-01-06 to 12-31-09



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF MAYSVILLE REGIONAL WATER AND
SEWER DISTRICT, ALLEN COUNTY, INDIANA

We have examined the financial information presented herein of Maysville Regional Water and Sewer District (District), for the period of January 1, 2006 to December 31, 2007. The District's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the District for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

January 13, 2009

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Proprietary Funds:				
Water Utility:				
Operating	\$ 95,786	\$ 222,659	\$ 102,542	\$ 215,903
Bond and interest	97,602	-	54,000	43,602
Meter deposit	19,834	900	290	20,444
Reserve	54,000	-	-	54,000
Total Water Utility	267,222	223,559	156,832	333,949
Wastewater Utility:				
Operating	4,312	597,199	210,213	391,298
Bond and interest	320,700	-	320,700	-
Reserve	35,000	-	35,000	-
Total Wastewater Utility	360,012	597,199	565,913	391,298
Fiduciary Fund:				
Payroll	27,165	34,935	57,055	5,045
Totals	\$ 654,399	\$ 855,693	\$ 779,800	\$ 730,292

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Proprietary Funds:				
Water Utility:				
Operating	\$ 215,903	\$ 217,987	\$ 211,588	\$ 222,302
Bond and interest	43,602	43,296	53,370	33,528
Meter deposit	20,444	500	-	20,944
Reserve	54,000	-	-	54,000
Total Water Utility	333,949	261,783	264,958	330,774
Wastewater Utility:				
Operating	391,298	268,781	293,783	366,296
Bond and interest	-	102,752	102,752	-
Total Wastewater Utility	391,298	371,533	396,535	366,296
Fiduciary Fund:				
Payroll	5,045	43,573	42,905	5,713
Totals	\$ 730,292	\$ 676,889	\$ 704,398	\$ 702,783

The accompanying notes are an integral part of the financial information.

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides the following services: water and wastewater.

Note 2. Fund Accounting

The District uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes the District to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Water Utility		
Revenue bonds:		
Waterworks Revenue Bonds of 1995	\$ 782,000	\$ 54,055
Wastewater Utility		
Loans payable:		
State Revolving Fund Loan	1,231,000	87,609
Total business-type activities debt:	<u>\$ 2,013,000</u>	<u>\$ 141,664</u>

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORTS

Annual reports for 2006 and 2007 were not prepared by the District.

Indiana Code 5-11-1-4(a) states: "The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. Except as provided by subsection (b), these reports shall be prepared, verified, and filed with the state examiner not later than thirty (30) days after the close of each fiscal year."

ACCOUNTS RECEIVABLE CONTROL

From January 2006 to July 2007, a control account was not maintained. In July 2007, District began to maintain a general ledger which included accounts receivable. At December 31, 2007, the general ledger account receivable balance did not agree with the aging report.

When utility records are kept on a cash or single-entry, basis, a separate control account should be carried on General Ledger Sheet, General Form No. 315, in the front of the Consumer's Ledger. This account will be debited with the total monthly billing to all customers for utility services including penalties and sales tax. This account will be credited with the total accounts receivable collections, penalties and sales tax shown by the Register of Daily Cash Receipts-Consumers.

When utility records are kept on an accrual or double-entry basis the Accounts Receivable account in the General Ledger serves as a control of all individual accounts in the Consumer's Ledger and the foregoing procedure would not be applicable. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 22)

BANK ACCOUNT RECONCILIATIONS

The District did not prepare depository reconciliations of the fund balances to the bank account balances after the prior Office Manager ended employment in November 2006. After we initially started this examination in November of 2008, the District hired an outside CPA to prepare reconciliations through December 31, 2007. He completed these reconciliations on January 7, 2009. He has also been hired to assist the District in completing reconciliations through 2008 and in implementing corrections necessary as a result of this examination.

Indiana Code 5-13-6-1(e) states in part: "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."

CAPITAL ASSET RECORDS

The District does not maintain a record of capital assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

PREScribed FORMS

The following prescribed or approved forms were not always in use:

Claim, Form 354
Guarantee Deposit Register, Form 314
Capital Assets Ledger, Form 369
Employee's Service Record, Form 99A

Also, the system generated reports were not approved by the State Board of Accounts.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

DISBURSEMENTS

Disbursements made in 2007 were not certified by the fiscal officer.

Of the 52 disbursements tested, 9 did not have supporting documentation.

Indiana Code 5-11-10-1.6(c) states: "The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and . . ."

PENALTIES AND INTEREST

During the examination period the following interest and penalty payments were noted:

\$2,534 to the federal government for late payments of employees' withholding taxes and employer's share of FICA and Medicare.

\$1,011 to Indiana Department of Revenue for late payments of employees' state withholding taxes.

\$251 to Indiana Department of Revenue for late payments of sales taxes collected.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on January 13, 2009, with Brookie Biglands, Office Manager; and James Perrin, President of the Board. The officials concurred with our findings.