

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

MAYSVILLE REGIONAL WATER
AND SEWER DISTRICT
ALLEN COUNTY, INDIANA

January 1, 2011 to December 31, 2014



FILED
04/25/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Office Manager	Brookie Biglands Melinda Amstutz	01-01-11 to 08-25-11 08-26-11 to 12-31-16
President of the Board	Judith James	01-01-11 to 12-31-16



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

This report is supplemental to our examination report of the Maysville Regional Water and Sewer District (District), for the period from January 1, 2011 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the District. It should be read in conjunction with our Financial Statements Examination Report of the District, which provides our 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 performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination 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 Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

February 3, 2016

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

During review of the unit's records, we found the following deficiencies that were also stated in prior Reports B38204 and B38740:

- The District's accounting software is designed to maintain accrual records; however, the records do not actually balance.
- The District is using the "Clearing Account" to record cash transactions for both the water and sewer operations.
- The Water Utility should have separate cash accounts in the general ledger for Operating, Bond and Interest, Customer Deposits, and Debt Service Reserve. These separate accounts are necessary to comply with the Water Utility Bond Ordinance.
- The Wastewater Utility should have separate cash accounts for Operating, Bond and Interest and Debt Service Reserve. These separate accounts are necessary to comply with the Wastewater Utility Bond Ordinance.
- The bank reconciliations performed by the District only reconcile the Clearing Account cash balance to the depository and fail to recognize other cash and investments including the Water and Sewer savings accounts, State Revolving Fund Bond, and Interest and Debt Service Reserve accounts.

The general ledger accounts receivable balance (control) did not agree with the aging report (detail) at December 31, 2011, 2012, 2013, and 2014. This was also stated in prior Reports B38204 and B38740.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

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

PENALTIES, INTEREST, AND OTHER CHARGES

The District paid penalties, interest, and other charges to Fort Wayne City Utilities, the Town of Grabill, and the Indiana Department of Revenue in the amounts of \$3,242, \$152, and \$293, respectively, because the District did not remit payments on a timely basis.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

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)

OFFICIAL BONDS

The District did not have any Official Bonds in effect for officers, trustees, or employees having power to dispense money of the district. This was also stated in prior Reports B38204 and B38740.

Regarding the Indiana Department of Environmental Management (IDEM) order creating a regional district, Indiana Code 13-26-2-10 states in part:

"(b) An order must do the following: . . .

- (2) Provide requirements for sufficient bond for all officers, trustees, or employees having power to dispense money of the district."

The IDEM Order dated December 4, 1974, states under Item 5:

"That the Board of Trustees shall provide sufficient bond for all officers, trustees, or employees who have any power to dispense funds of the district. Said bond, as a minimum, shall be in an amount equal to, plus 10% of, those funds anticipated to be received by the district during the fiscal year of the district, divided by six, which amount shall be determined annually by the Board of Trustees."

MAYSVILLE REGIONAL WATER & SEWER DISTRICT

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February 5, 2016

Indiana State Board of Accounts
Room E 418
302 West Washington Street
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RE: Maysville Regional Water and Sewer District Audit for 2011 – 2014

This letter is a response to the Examination Results and Comments prepared by the Indiana State Board of Accounts following the audit of the Maysville Regional Water and Sewer District presented to District officials on February 4, 2016.

CONDITION OF RECORDS

Response: The District acknowledges that we still have work to do to produce accurate records from our software, and we will continue to work with our software vendor to make those corrections.

PENALTIES, INTEREST AND OTHER CHARGES

Comments: The District paid penalties, interest, and other charges to Fort Wayne City Utilities, the Town of Grabill, and the Indiana Department of Revenue in the amounts of \$3,241.61, \$152.50, and \$292.72, respectively, because the District did not remit payments on a timely basis.

Response: The District's office staff is making changes to the work schedule to ensure that all payments are made on time.

OFFICIAL BONDS

Comments: The District did not have any Official Bonds in effect for officers, trustees, or employees having power to dispense money of the district.

Response: The District purchased a Blanket Bond policy under the assumption that it met the requirements of IC 5-4-1-18. Upon the Auditor's statement that it does not, the District took steps to provide official bonds for the Board President and the Office Coordinator. Those have been received, and will be recorded with the Allen County Recorder's Office within the week.

Respectfully submitted,



Judy James, Board President

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on February 3, 2016, with Melinda Amstutz, Office Manager, and Judith James, President of the Board.