

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF  
CITY OF BOONVILLE  
WARRICK COUNTY, INDIANA  
January 1, 2013 to December 31, 2016



**FILED**  
09/29/2017



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Nancy Brill (deceased)	01-01-12 to 01-31-15
	(Vacant)	02-01-15 to 02-18-15
	Tamelia L. Boruff (interim)	02-19-15 to 12-31-15
	Tamelia L. Boruff	01-01-16 to 12-31-19
Mayor	Pamela Hendrickson	01-01-12 to 12-31-15
	Charles R. Wyatt	01-01-16 to 12-31-19
President of the Board of Public Works	Pamela R. Hendrickson	01-01-12 to 12-31-15
	Charles R. Wyatt	01-01-16 to 12-31-19
President of the Common Council	Ronald Tubbs	01-01-13 to 12-31-13
	Mike Webb	01-01-14 to 12-31-15
	Larry Lacer	01-01-16 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF BOONVILLE, WARRICK COUNTY, INDIANA

This report is supplemental to our examination report of the City of Boonville (City), for the period from January 1, 2013 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statements Examination Report of the City, which provides our opinion on the City's financial statements. This report may be found at [www.in.gov/sboa/](http://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

July 20, 2017

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WATER AND WASTEWATER UTILITIES  
CITY OF BOONVILLE

WATER AND WASTEWATER UTILITIES  
CITY OF BOONVILLE  
EXAMINATION RESULT AND COMMENT

**ACCOUNTABLE ITEMS**

Records presented for audit for the years 2013, 2014, 2015, and 2016 indicated that gallons of water billed to customers for each year totaled 254,512,000, 294,276,000, 289,345,000, and 257,224,000, respectively, and gallons of water pumped by the Water Utility during the same periods totaled 430,588,000, 483,892,000, 449,894,000, and 350,576,000, respectively. This resulted in a combined difference of 619,593,000, which represents gallons of water pumped which were not billed to customers. On average, 36 percent of the water pumped was not billed to customers. Calculations indicated that the potential charge for the gallons of water not billed were between \$1,468,435 and \$3,791,909 because the Water Utility billed on a sliding scale based on each customer's monthly consumption. Because wastewater bills were calculated on water consumption, the potential loss of revenue for the Wastewater Utility was \$5,594,925.

A similar comment was included in the prior eight reports, the most recent being Report B42497.

Tickets, goods for sale, billings, and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CITY OF BOONVILLE  
OFFICE OF CLERK-TREASURER  
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August 7, 2017

OFFICIAL RESPONSE  
State Board of Accounts  
302 West Washington Street  
Room E 418  
Indianapolis, IN 46204-2765

**RE: City of Boonville Official Response for Recent Audit on Accountable Items  
(Applies to Water and Wastewater Utilities)**

We wish to file an official response to the results and comments in the form of a letter to be bound in the report. We understand that the letter itself will be made part of the report and any attachment or exhibit that is included and referred to in our response may not be but will be held on file with SBOA and will be made available to the public upon request. We also understand that if such response is not received by the State Board of Accounts within ten (10) days of this date, the State Board of Accounts cannot guarantee that the response will be included in the report. Any response received after the 10 day period, although there is no guarantee, may still be included in the report, if the report has not been filed at the time the response is received.

Since 2011, when the City constructed and placed online its new Water Treatment Facility, the City has worked diligently to improve on its unaccounted-for water which is also known as water loss. The new water plant and associated infrastructure finally allowed the City to take a more comprehensive look into how it handles its water from its wellfield through transmission and ultimately customer usage.

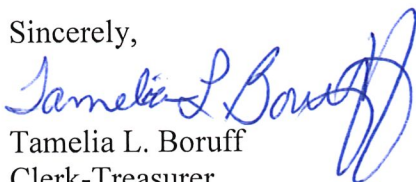
After the water plant was completed and had operated for nearly a year the City went to work on studying its water loss situation. The first thing the City did was to perform a comparison of the new facility vs. that of the older and now retired plant which could lose up to 20%. The new facility utilizes two (2) mag meters for operational purposes, mainly for monitoring the incoming and outgoing flows of the facility. This type of water meter has accuracy to within 1%. Since 2011, the facility has operated at an average of 2.1% of unaccounted-for water. Therefore, if each meter is off by 1% the combined total could make a difference of 2%, but still within the standards of the meter. The City has been under the assumption that the missing 0.1% is from evaporation through the treatment process.

Next, the City started looking deeper into the data of its water production vs. that which its distribution system was utilizing. The first thing they noticed was that they weren't capturing all the unmetered data needed for City use. They were not accounting for street sweeping, fire usage, usage of water by the City facilities, etc. Therefore, they created a spreadsheet to start capturing a monthly usage of these different types of unmetered water usage. Since the introduction of this measuring sheet the city has found that the unaccounted-for water from the water treatment facility through its distribution systems has averaged 31.9% since 2011. However, the last two years have been considerably less at 23.2%. This usage is because the City purchased some listening equipment to help find what they thought were several undetected water leaks. The City and Veolia have worked tirelessly trying to find any hidden leak and believe that they have found most if not all of them.

Lastly, the City started looking at the average age of its customer water meters that it had in service. What they found was that most had been in service for over 10 years, with the majority of them being over 20 years old. Once they completed the age analysis Veolia Water recommended that they should pull 30 or more meters for testing accuracy. The testing showed that most of the water meters had slowed down to an accuracy of about 90 to 93%, meaning the meters were reading under-registering total flow by at least 7%. This lead the City to authorize its engineer and Veolia Water to create a project that would correct this problem. The solution is to completely replace every water meter in the distribution system with a new automated metering reading system (AMR). This has not been completed yet due to the high capital cost that it would take. Currently, the City is working with USDA-Rural Development about potential funding the project. The proposed project is to include a total replacement of all 3700 water customer meters as well as several specifically placed distribution meters to help further eliminate unaccounted-for water and bring it below 20%.

I hope that this info will help the State Board of Accounts better understand where the city was and where it is headed. Should you have any further questions please do not hesitate to contact me again.

Sincerely,



Tamelia L. Boruff  
Clerk-Treasurer  
City of Boonville

WATER AND WASTEWATER UTILITIES  
CITY OF BOONVILLE  
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2017, with Tamelia L. Boruff, Clerk-Treasurer; Charles R. Wyatt, Mayor; Steve Byers, Common Council member; and Cheyenne Phillips, Deputy Clerk-Treasurer.