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February 12, 2019

Board of Trustees
Maysville Regional Water & Sewer District
PO Box 413
Harlan, IN 46743

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of Maysville Regional Water & Sewer District. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2015 to December 31, 2017. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Maysville Regional Water & Sewer District as of December 31, 2015, 2016 and 2017, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Report for Maysville Regional Water & Sewer District was prepared in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
Allen County, Indiana

FINANCIAL STATEMENTS
December 31, 2015, 2016 and 2017

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
Allen County, Indiana

FINANCIAL STATEMENTS
December 31, 2015, 2016 and 2017

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MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
SCHEDULE OF OFFICIALS (Unaudited)
December 31, 2015, 2016 and 2017

<u>Office</u>	<u>Official</u>	<u>Term</u>
Office Coordinator	Melinda Amstutz	01-01-15 to 12-31-17
President of the Board	Judith James	01-01-15 to 12-31-17

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
Maysville Regional Water and Sewer District
Harlan, Indiana

Report on the Financial Statement

We have audited the accompanying statements of receipts, disbursements, and cash and investment balances of Maysville Regional Water and Sewer District (the Unit) as of and for the years ended December 31, 2015, 2016 and 2017, and the related notes (the financial statements).

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these 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) as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

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 Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Unit as of December 31, 2015, 2016 and 2017, or changes in net position or cash flows thereof for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investment balances of the Unit as of December 31, 2015, 2016 and 2017, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Officials and Supplementary Information Schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.


Crowe LLP

Indianapolis, Indiana
December 21, 2018

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For The Years Ended December 31, 2015 And 2016

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-15	Receipts	Disbursements	12-31-15	Receipts	Disbursements	12-31-16
Fiduciary Fund Clearing Account	\$ 103,474	\$ 37,019	\$ -	\$ 140,493	\$ 18,435	\$ -	\$ 158,928
Operating - Wastewater	415,510	393,930	362,389	447,051	394,936	368,334	473,653
Operating - Water	199,287	281,799	201,637	279,449	277,951	310,637	246,763
Meter Deposits	<u>26,643</u>	<u>2,200</u>	<u>563</u>	<u>28,280</u>	<u>2,300</u>	<u>627</u>	<u>29,953</u>
Totals	<u>\$ 744,914</u>	<u>\$ 714,948</u>	<u>\$ 564,589</u>	<u>\$ 895,273</u>	<u>\$ 693,622</u>	<u>\$ 679,598</u>	<u>\$ 909,297</u>

See accompanying notes to financial statements.

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For The Year Ended December 31, 2017

<u>Fund</u>	Cash and Investments <u>01-01-17</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-17</u>
WATER SAVINGS	\$ 279,157	\$ 710	\$ -	\$ 279,867
SEWER SAVINGS	346,243	881	-	347,124
PAYROLL WATER & SEWER	-	34,916	30,872	4,044
Operating - Wastewater	57,010	397,334	346,735	107,609
SEWER UTILITY SINKING	70,493	88,526	88,258	70,761
SEWER UTILITY DEBT RESERVE	88,435	575	-	89,010
Operating - Water	38,006	275,891	212,250	101,647
Meter Deposits	<u>29,953</u>	<u>2,200</u>	<u>1,141</u>	<u>31,012</u>
Totals	<u>\$ 909,297</u>	<u>\$ 801,033</u>	<u>\$ 679,256</u>	<u>\$ 1,031,074</u>

See accompanying notes to financial statements.

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015, 2016 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Maysville Regional Water and Sewer District (the Unit) was established under the laws of the State of Indiana. The Unit operates under an appointed governing board.

The accompanying financial statement presents the financial information for the Unit.

Basis of Accounting: The financial statement is 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 (GAAP), 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. The regulatory basis also allows for all investments to be stated at cost, while GAAP requires fair value for qualifying investments.

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.

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

Utility fees. Amounts received from charges for current services.

Taxes. Amounts received including one or more of the following: sales tax.

Fines and forfeits. Amounts received including receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Other receipts. Amounts received from various sources which can include, but are 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.

Disbursements: Disbursements are presented in the aggregate on the face of the financial statement. 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.

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

(Continued)

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015, 2016 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

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

Interfund Transfers: The Unit 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.

Fund Accounting: Separate funds are established, maintained, and reported by the Unit. 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 Unit. 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 Unit 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.

Combined Funds: The Fiduciary Fund Clearing Account Fund was presented individually in 2016 and separately as the Sewer Utility Sinking and Sewer Utility Debt Reserve Funds in 2017. The Operating - Water Fund was presented individually in 2016 and separately as the Water Savings and Operating – Water Funds in 2017. The Operating - Wastewater Fund was presented individually in 2016 and separately as the Sewer Savings and Operating – Wastewater Funds in 2017. Additionally, \$70,400 of the 2016 Operating – Wastewater Fund was presented in the 2017 opening balance of the Water Savings Fund.

The changes in fund presentation was due to new accounting software implemented during the year.

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 (PDIF). This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Unit 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. Given the limited investment parameters applicable under state statute, certain risks, such as credit, custodial, concentration, and interest rate are not deemed significant.

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015, 2016 and 2017

The Unit held cash deposits with financial institutions that maintained FDIC and PDIF coverages, as applicable. The Unit did not hold investments for any of the years under audit.

NOTE 3 - RISK MANAGEMENT

The Unit may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions 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 Unit to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. The Unit has purchased insurance to address the risks described above

NOTE 4 - DEBT

In 2006, the Unit issued a State Revolving Fund sewer loan in the amount of \$1,275,000 for the purpose of sewer projects. The loan matures on January 1, 2027. The Unit made principal and interest payments during the years under audit.

In 2016, the Unit issued the Water Works Refunding Revenue Bonds of 2016 in the amount of \$667,000 for the purpose of refunding outstanding 1995 bonds. The bonds mature on January 1, 2035. The Unit made principal and interest payments during the years under audit.

SUPPLEMENTAL SCHEDULES (Unaudited)

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2015

	Fiduciary Fund Clearing Account	Operating Wastewater	Operating Water	Meter Deposits	Totals
Cash and investments - beginning	\$ 103,474	\$ 415,510	\$ 199,287	\$ 26,643	\$ 744,914
Receipts:					
Utility fees	-	376,446	266,422	-	642,868
Penalties	-	16,834	14,898	-	31,732
Other receipts	37,019	650	479	2,200	40,348
Total receipts	37,019	393,930	281,799	2,200	714,948
Disbursements:					
Personal services	-	55,481	50,500	-	105,981
Other services and charges	-	8,083	7,852	-	15,935
Debt service - principal and interest	-	88,287	52,965	-	141,252
Utility operating expenses	-	210,538	90,320	-	300,858
Other disbursements	-	-	-	563	563
Total disbursements	-	362,389	201,637	563	564,589
Excess (deficiency) of receipts over disbursements	37,019	31,541	80,162	1,637	150,359
Cash and investments - ending	\$ 140,493	\$ 447,051	\$ 279,449	\$ 28,280	\$ 895,273

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2016

	Fiduciary Fund Clearing Account	Operating Wastewater	Operating Water	Meter Deposits	Totals
Cash and investments - beginning	\$ 140,493	\$ 447,051	\$ 279,449	\$ 28,280	\$ 895,273
Receipts:					
Utility fees	-	380,416	266,853	-	647,269
Penalties	-	11,303	8,677	-	19,980
Other receipts	18,435	3,217	2,421	2,300	26,373
Total receipts	18,435	394,936	277,951	2,300	693,622
Disbursements:					
Personal services	-	53,753	53,433	-	107,186
Other services and charges	-	8,676	8,676	-	17,352
Debt service - principal and interest	-	88,290	36,246	-	124,536
Capital outlay	-	75	75	-	150
Utility operating expenses	-	217,540	212,207	-	429,747
Other disbursements	-	-	-	627	627
Total disbursements	-	368,334	310,637	627	679,598
Excess (deficiency) of receipts over disbursements	18,435	26,602	(32,686)	1,673	14,024
Cash and investments - ending	\$ 158,928	\$ 473,653	\$ 246,763	\$ 29,953	\$ 909,297

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2017

	<u>WATER SAVINGS</u>	<u>SEWER SAVINGS</u>	<u>PAYROLL WATER & SEWER</u>	<u>Operating Wastewater</u>	<u>SEWER UTILITY SINKING</u>	<u>SEWER UTILITY DEBT RESERVE</u>	<u>Operating Water</u>	<u>Meter Deposits</u>	<u>Totals</u>
Cash and investments - beginning	\$ 279,157	\$ 346,243	\$ -	\$ 57,010	\$ 70,493	\$ 88,435	\$ 38,006	\$ 29,953	\$ 909,297
Receipts:									
Taxes	-	-	-	-	-	-	2,616	-	2,616
Utility fees	-	-	-	386,309	-	-	247,128	-	633,437
Penalties	-	-	-	10,746	-	-	7,970	-	18,716
Other receipts	710	881	34,916	279	88,526	575	18,177	2,200	146,264
Total receipts	<u>710</u>	<u>881</u>	<u>34,916</u>	<u>397,334</u>	<u>88,526</u>	<u>575</u>	<u>275,891</u>	<u>2,200</u>	<u>801,033</u>
Disbursements:									
Personal services	-	-	-	51,894	-	-	51,887	-	103,781
Other services and charges	-	-	-	8,188	-	-	8,188	-	16,376
Debt service - principal and interest	-	-	-	21,919	88,258	-	-	-	110,177
Utility operating expenses	-	-	-	242,111	-	-	86,335	-	328,446
Other disbursements	-	-	30,872	22,623	-	-	65,840	1,141	120,476
Total disbursements	<u>-</u>	<u>-</u>	<u>30,872</u>	<u>346,735</u>	<u>88,258</u>	<u>-</u>	<u>212,250</u>	<u>1,141</u>	<u>679,256</u>
Excess (deficiency) of receipts over disbursements	<u>710</u>	<u>881</u>	<u>4,044</u>	<u>50,599</u>	<u>268</u>	<u>575</u>	<u>63,641</u>	<u>1,059</u>	<u>121,777</u>
Cash and investments - ending	<u>\$ 279,867</u>	<u>\$ 347,124</u>	<u>\$ 4,044</u>	<u>\$ 107,609</u>	<u>\$ 70,761</u>	<u>\$ 89,010</u>	<u>\$ 101,647</u>	<u>\$ 31,012</u>	<u>\$1,031,074</u>

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Wastewater	\$ -	\$ 41,422
Water	-	19,263
Governmental activities	<u>-</u>	<u>-</u>
Totals	<u>\$ -</u>	<u>\$ 60,685</u>

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
 SCHEDULE OF LEASES AND DEBT
 December 31, 2017

Description of Debt		Ending	Principal and
<u>Type</u>	<u>Purpose</u>	<u>Principal</u>	<u>Interest Due</u>
		<u>Balance</u>	<u>Within One</u>
			<u>Year</u>
Wastewater:			
General obligation bonds	SRF	\$ 70,819	\$ 88,144
Water:			
General obligation bonds	Refunding	640,060	47,858
Totals		\$ 710,879	\$ 136,002

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
SCHEDULE OF CAPITAL ASSETS
December 31, 2017

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Wastewater:	
Land	\$ 45,500
Infrastructure	3,412,483
Buildings	129,000
Improvements other than buildings	20,398
Machinery, equipment and vehicles	<u>41,992</u>
Total Wastewater	<u>3,649,373</u>
Water:	
Land	12,500
Infrastructure	2,407,044
Buildings	59,000
Improvements other than buildings	31,589
Machinery, equipment and vehicles	<u>14,992</u>
Total Water	<u>2,525,125</u>
Total capital assets	<u>\$ 6,174,498</u>

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
OTHER REPORT
December 31, 2015, 2016 and 2017

The reports presented herein were prepared in addition to another official report prepared for the Unit as listed below:

Indiana State Board of Accounts Compliance Examination of Maysville Regional Water and Sewer District.

The above report contains the results of the compliance examination as required by the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts*.