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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

February 12, 2019

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

This report is supplemental to the audit report of the Maysville Regional Water & Sewer District (District), for the period from January 1, 2015 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the District. It should be read in conjunction with the financial statement audit report of the District, which provides an opinion on the District'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 engaged private examiners under our review to perform the audit of the District and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for Maysville Regional Water & Sewer District prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2015 to December 31, 2017. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report. Page 3 contains two Examination Findings and Results.

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

**COMPLIANCE EXAMINATION OF  
MAYSVILLE REGIONAL WATER & SEWER DISTRICT**

Allen County, Indiana  
January 1, 2015 to December 31, 2017

MAYSVILLE REGIONAL WATER & SEWER DISTRICT

Allen County, Indiana  
January 1, 2015 to December 31, 2017

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MAYSVILLE REGIONAL WATER & SEWER DISTRICT  
SCHEDULE OF OFFICIALS  
January 1, 2015 to December 31, 2017

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<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 ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and  
Management of Maysville Regional Water and Sewer District

We have examined Maysville Regional Water and Sewer District's ("Unit") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2015 to December 31, 2017. Management of the Unit is responsible for the Unit's compliance with the specified requirements. Our responsibility is to express an opinion on the Unit's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Unit complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Unit complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

Our examination does not provide a legal determination on the Unit's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Special Districts* applicable to the Unit during the period January 1, 2015 to December 31, 2017, as described in items 2018-001 and 2018-002 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Unit complied, in all material respects, with the aforementioned requirements during the period January 1, 2015 to December 31, 2017.



Crowe LLP

Indianapolis, Indiana  
December 21, 2018

MAYSVILLE REGIONAL WATER & SEWER DISTRICT  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2015 to December 31, 2017

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**FINDING 2018-001: MISSTATEMENT OF CASH**

**Criteria:** Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual states in part, *“At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee.”*

**Condition:** During testing, we noted several misstatements of the Fiduciary Fund. These errors were due to a lack of reconciliation of the Fiduciary Fund account. The misstatements are summarize below. We noted management corrected this by including the correct beginning cash balance in the 2017 Annual Financial Report.

- We noted that the beginning balance of the 2015 Fiduciary Fund was inappropriately overstated by \$88,306 when compared to the 2014 audited ending balance. We corrected this balance to begin the 2015 audit period.
- The 2015 ending Fiduciary Fund cash balance and other receipts were understated by \$37,019. An entry was posted to correct this.
- The 2016 ending Fiduciary Fund did not agree to the beginning balance of the 2017 Annual Financial Report and was understated by \$18,435. This was corrected by increased 2016 Fiduciary Fund cash and other receipts by \$18,435.
- After the above entry was posted, the 2016 ending Fiduciary Fund cash balance exceeded the 2016 bank reconciliations by \$2,728. An entry to adjust this was waived.

**FINDING 2018-002: MINIMUM LEVEL OF INTERNAL CONTROLS**

**Criteria:** The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual: *“Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes. An integral part of the control activity component is segregation of duties. . . . There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .”*

**Condition:** During testing, we noted that the Unit did not have formal documentation regarding the implementation of the minimum level of internal control standards.

MAYSVILLE REGIONAL WATER & SEWER DISTRICT  
EXIT CONFERENCE  
January 1, 2015 to December 31, 2017

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The contents of this report were discussed on December 21, 2018, with Judy James, President of the Board, and Melinda Amstutz, Office Coordinator. The officials acknowledged the findings.