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May 21, 2021

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, 2018 to December 31, 2019. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly, in all material respects, the cash and investment balances of the Maysville Regional Water & Sewer District as of December 31, 2018 and 2019, and its receipts and disbursements for the years 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
Allen County, Indiana

FINANCIAL STATEMENTS
December 31, 2018 and 2019

MAYSVILLE REGIONAL WATER AND SEWER
Allen County, Indiana

FINANCIAL STATEMENTS
December 31, 2018 and 2019

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MAYSVILLE REGIONAL WATER AND SEWER
SCHEDULE OF OFFICIALS (Unaudited)
December 31, 2018 and 2019

<u>Office</u>	<u>Official</u>	<u>Term</u>
Office Coordinator	Melinda Amstutz	01-01-18 to 12-31-19
President of the Board	Judith James	01-01-18 to 12-31-19

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
Maysville Regional Water and Sewer
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 (the Unit) as of and for the years ended December 31, 2018 and 2019, 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, 2018 and 2019, 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, 2018 and 2019, 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
May 12, 2021

MAYSVILLE REGIONAL WATER AND SEWER
 STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH AND
 INVESTMENT BALANCES -REGULATORY BASIS
 For the Years Ended December 31, 2018 and 2019

<u>Fund</u>	Cash and Investments <u>01-01-18</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-18</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-19</u>
Water Savings	\$ 279,867	\$ 2,322	\$ -	\$ 282,189	\$ 2,503	\$ -	\$ 284,692
Sewer Savings	347,124	2,879	-	350,003	200,870	150,000	400,873
Payroll Water & Sewer	4,044	125,633	124,609	5,068	135,006	148,996	(8,922)
Sewer Utility Operating	107,609	444,985	546,262	6,332	843,760	919,875	(69,783)
Sewer Utility Sinking	70,761	88,850	88,144	71,467	88,885	87,962	72,390
Sewer Utility Debt Reserve	89,010	1,417	-	90,427	1,886	-	92,313
Water Utility Operating	101,647	282,211	285,697	98,161	284,360	265,947	116,574
Water Utility Meter Deposit	31,012	2,400	1,750	31,662	2,100	1,136	32,626
Totals	<u>\$ 1,031,074</u>	<u>\$ 950,697</u>	<u>\$ 1,046,462</u>	<u>\$ 935,309</u>	<u>\$ 1,559,370</u>	<u>\$ 1,573,916</u>	<u>\$ 920,763</u>

See notes to financial statements.

MAYSVILLE REGIONAL WATER AND SEWER
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Maysville Regional Water and Sewer (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.

Penalties. Amounts received from late payment fees.

Taxes. Amounts received including one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Unit.

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:

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.

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.

Utility operating expenses. Amounts disbursed for operating the utilities.

(Continued)

MAYSVILLE REGIONAL WATER AND SEWER
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

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. 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.

(Continued)

MAYSVILLE REGIONAL WATER AND SEWER
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2019

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.

In 2019, the Unit issued draw-down debt for the purpose of certain improvements for the sewage works system of the Unit, as follows:

- The forgivable Sewage Works Revenue Bond Anticipation Note, Series 2019 in the amount of \$2,450,000 for the purpose of sewer projects. The bond will be forgiven and discharged on March 31, 2023 provided the terms are met. The Unit made draws totaling \$248,506 during 2019 against the Bond Anticipation Note.
- The Sewage Works Revenue Bonds Series 2019 in the amount of \$1,184,000. The bonds have an interest rate of 2.3% and matures on July 1, 2054. The first principal payment is due July 1, 2020. The Unit made no draws during 2019.

NOTE 5 - PENSION PLAN

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Unit authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS. The Unit made contributions to the PERF plan during the years under audit. The contribution rate was 11.2% for the years under audit.

(Continued)

MAYSVILLE REGIONAL WATER AND SEWER
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2019

NOTE 6 - RECENT EVENTS

In December 2019, a novel strain of coronavirus surfaced and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Unit may be materially affected by this global pandemic. The Unit has budgeted for operations and has continued to maintain business operations during 2020 and 2021 to date. The extent to which the coronavirus may affect revenues and other business activity will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

SUPPLEMENTAL SCHEDULES (Unaudited)

MAYSVILLE REGIONAL WATER AND SEWER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND
 INVESTMENT BALANCES – REGULATORY BASIS
 For the Year Ended December 31, 2018

	Water Savings	Sewer Savings	Payroll Water & Sewer	Sewer Utility Operating	Sewer Utility Sinking	Sewer Utility Debt Reserve	Water Utility Operating	Water Utility Meter Deposit	Totals
Cash and investments - beginning	\$ 279,867	\$ 347,124	\$ 4,044	\$ 107,609	\$ 70,761	\$ 89,010	\$ 101,647	\$ 31,012	\$ 1,031,074
Receipts:									
Taxes	-	-	-	-	-	-	17,184	-	17,184
Utility fees	-	-	-	423,100	-	-	253,817	-	676,917
Penalties	-	-	-	6,539	-	-	3,609	-	10,148
Other receipts	2,322	2,879	125,633	15,346	88,850	1,417	7,601	2,400	246,448
Total receipts	2,322	2,879	125,633	444,985	88,850	1,417	282,211	2,400	950,697
Disbursements:									
Personal services	-	-	-	58,353	-	-	58,352	-	116,705
Other services and charges	-	-	-	8,161	-	-	8,161	-	16,322
Debt service - principal and interest	-	-	-	-	88,144	-	47,858	-	136,002
Utility operating expenses	-	-	-	286,266	-	-	98,829	-	385,095
Other disbursements	-	-	124,609	193,482	-	-	72,497	1,750	392,338
Total disbursements	-	-	124,609	546,262	88,144	-	285,697	1,750	1,046,462
Excess (deficiency) of receipts over disbursements	2,322	2,879	1,024	(101,277)	706	1,417	(3,486)	650	(95,765)
Cash and investments - ending	\$ 282,189	\$ 350,003	\$ 5,068	\$ 6,332	\$ 71,467	\$ 90,427	\$ 98,161	\$ 31,662	\$ 935,309

MAYSVILLE REGIONAL WATER AND SEWER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND
 INVESTMENT BALANCES – REGULATORY BASIS
 For the Year Ended December 31, 2019

	Water Savings	Sewer Savings	Payroll Water & Sewer	Sewer Utility Operating	Sewer Utility Sinking	Sewer Utility Debt Reserve	Water Utility Operating	Water Utility Meter Deposit	Totals
Cash and investments - beginning	\$ 282,189	\$ 350,003	\$ 5,068	\$ 6,332	\$ 71,467	\$ 90,427	\$ 98,161	\$ 31,662	\$ 935,309
Receipts:									
Taxes	-	-	-	-	-	-	17,558	-	17,558
Utility fees	-	-	-	431,066	-	-	257,437	-	688,503
Penalties	-	-	-	7,593	-	-	4,065	-	11,658
Other receipts	2,503	200,870	135,006	405,101	88,885	1,886	5,300	2,100	841,651
Total receipts	2,503	200,870	135,006	843,760	88,885	1,886	284,360	2,100	1,559,370
Disbursements:									
Personal services	-	-	12,691	62,831	-	-	62,965	-	138,487
Other services and charges	-	-	-	8,678	-	-	8,678	-	17,356
Debt service - principal and interest	-	-	-	-	87,962	-	47,858	-	135,820
Utility operating expenses	-	-	-	505,987	-	-	110,090	-	616,077
Other disbursements	-	150,000	136,305	342,379	-	-	36,356	1,136	666,176
Total disbursements	-	150,000	148,996	919,875	87,962	-	265,947	1,136	1,573,916
Excess (deficiency) of receipts over disbursements	2,503	50,870	(13,990)	(76,115)	923	1,886	18,413	964	(14,546)
Cash and investments - ending	\$ 284,692	\$ 400,873	\$ (8,922)	\$ (69,783)	\$ 72,390	\$ 92,313	\$ 116,574	\$ 32,626	\$ 920,763

MAYSVILLE REGIONAL WATER AND SEWER
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2019

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Wastewater	\$ -	\$ 41,009
Water	-	19,470
Totals	<u>\$ -</u>	<u>\$ 60,479</u>

MAYSVILLE REGIONAL WATER AND SEWER
SCHEDULE OF LEASES AND DEBT
December 31, 2019

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	\$ 579,000	\$ 87,715
General obligation bonds	SRF	1,184,000	27,869
General obligation bonds	SRF - BAN	<u>2,450,000</u>	<u>-</u>
Total Wastewater		<u>4,213,000</u>	<u>115,584</u>
Water:			
General obligation bonds	Refunding	<u>583,346</u>	<u>47,858</u>
Totals		<u>\$ 4,796,346</u>	<u>\$ 163,442</u>

MAYSVILLE REGIONAL WATER AND SEWER
SCHEDULE OF CAPITAL ASSETS
December 31, 2019

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><u>\$ 6,174,498</u></u>

MAYSVILLE REGIONAL WATER AND SEWER
OTHER REPORT
December 31, 2018 and 2019

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.

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*.