

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

FINANCIAL STATEMENT AUDIT REPORT

OF

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT

ALLEN COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED

02/04/2022

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-4
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	6
Notes to Financial Statement	7-10
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	12-13
Schedule of Receivables	14
Schedule of Leases and Debt	15
Schedule of Capital Assets.....	16
Other Reports.....	17

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Office Coordinator	Melinda Amstutz	01-01-20 to 12-31-22
President of the District Board	Judith James	01-01-20 to 12-31-22



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Maysville Regional Water and Sewer District (District), which comprises the financial position and results of operations for the year ended December 31, 2020, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statement 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 District'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 statement.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

As discussed in Note 1 to the financial statement, the District prepares its financial statement 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 statement 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 statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the District for the year ended December 31, 2020.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the District for the year ended December 31, 2020, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the District's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement, and, accordingly, we express no opinion on them.


Paul D. Joyce, CPA
State Examiner

January 27, 2022

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the District. The financial statement and notes are presented as intended by the District.

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2020

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20
WATER SAVINGS	\$ 284,691	\$ 3,948	\$ -	\$ 288,639
SEWER SAVINGS	400,873	1,334	-	402,207
PAYROLL WATER & SEWER	(8,922)	137,941	149,924	(20,905)
SEWER UTILITY OPERATING	(69,783)	565,018	533,587	(38,352)
SEWER UTILITY SINKING	72,390	126,728	99,427	99,691
SEWER UTILITY DEBT RESERVE	92,313	11,384	-	103,697
WATER UTILITY OPERATING	116,574	280,218	260,192	136,600
WATER UTILITY METER DEPOSIT	32,626	2,107	1,440	33,293
2019 SEWER BAN	-	2,171,316	2,171,316	-
2019 SEWER SRF CONSTRUCTION	-	635,349	635,349	-
Totals	<u>\$ 920,762</u>	<u>\$ 3,935,343</u>	<u>\$ 3,851,235</u>	<u>\$ 1,004,870</u>

The notes to the financial statement are an integral part of this statement.

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The District was established under the laws of the State of Indiana. The District operates under a governing board.

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

B. 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, 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.

C. 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.

D. Receipts

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

Taxes. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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 District.

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Utility fees. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Other receipts. Amounts received from various sources, including, but 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.

E. 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 not limited to, the following: 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 District. It includes all expenditures for the reduction of the principal and interest of the District's general obligation indebtedness.

Utility operating expenses. Amounts disbursed for operating the utilities.

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

F. Interfund Transfers

The District 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.

G. Fund Accounting

Separate funds are established, maintained, and reported by the District. 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 District. 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 District 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.

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the District submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the District in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by December 31 of the year preceding the budget year or January 15 of the budget year if the District is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. 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. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the District 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.

Note 5. Risk Management

The District may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; 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 District 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.

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund Defined Benefit Plan (PERF DB) is a cost-sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF DB is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the District authority to contribute to the plan.

The Public Employees' Hybrid Plan (PERF Hybrid) consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

The Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the INPRS Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the District authority to contribute to the plan.

New employees hired have a one-time election to join either the PERF Hybrid or the My Choice.

Financial Report

INPRS 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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (844) 464-6777

Contributions

Members' contributions are set by state statute at 3 percent of compensation for both the defined contribution component of PERF Hybrid and My Choice. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid and My Choice members may receive additional employer contribution in lieu of the PERF DB. Contributions to the PERF DB are determined by INPRS Board based on actuarial valuation.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. The Payroll Water & Sewer fund and Sewer Utility Operating fund have overdrawn fund balances on December 31, 2020, in the amount of \$20,905 and \$38,352, respectively. These are a result of payroll timing and prior year disbursements exceeding receipts.

OTHER INFORMATION - UNAUDITED

The District's Annual Financial Report information can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the District's Annual Financial Report referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the District. It is presented as intended by the District.

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2020

	WATER SAVINGS	SEWER SAVINGS	PAYROLL WATER & SEWER	SEWER UTILITY OPERATING	SEWER UTILITY SINKING	SEWER UTILITY DEBT RESERVE
Cash and investments - beginning	\$ 284,691	\$ 400,873	\$ (8,922)	\$ (69,783)	\$ 72,390	\$ 92,313
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	48,149	-	-
Utility fees	-	-	-	433,869	-	-
Penalties	-	-	-	6,512	-	-
Other receipts	3,948	1,334	137,941	76,488	126,728	11,384
Total receipts	3,948	1,334	137,941	565,018	126,728	11,384
Disbursements:						
Personal services	-	-	12,466	63,944	-	-
Other services and charges	-	-	-	9,568	-	-
Debt service - principal and interest	-	-	-	137,405	-	-
Utility operating expenses	-	-	-	280,741	-	-
Other disbursements	-	-	137,458	41,929	99,427	-
Total disbursements	-	-	149,924	533,587	99,427	-
Excess (deficiency) of receipts over disbursements	3,948	1,334	(11,983)	31,431	27,301	11,384
Cash and investments - ending	\$ 288,639	\$ 402,207	\$ (20,905)	\$ (38,352)	\$ 99,691	\$ 103,697

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2020

	WATER UTILITY OPERATING	WATER UTILITY METER DEPOSIT	2019 SEWER BAN	2019 SEWER SRF CONSTRUCTION	Totals
Cash and investments - beginning	\$ 116,574	\$ 32,626	\$ -	\$ -	\$ 920,762
Receipts:					
Taxes	17,298	-	-	-	17,298
Intergovernmental receipts	-	-	-	-	48,149
Utility fees	253,632	-	-	-	687,501
Penalties	2,305	-	-	-	8,817
Other receipts	6,983	2,107	2,171,316	635,349	3,173,578
Total receipts	280,218	2,107	2,171,316	635,349	3,935,343
Disbursements:					
Personal services	64,353	-	-	-	140,763
Other services and charges	9,568	-	-	-	19,136
Debt service - principal and interest	47,858	-	-	-	185,263
Utility operating expenses	95,761	-	-	-	376,502
Other disbursements	42,652	1,440	2,171,316	635,349	3,129,571
Total disbursements	260,192	1,440	2,171,316	635,349	3,851,235
Excess (deficiency) of receipts over disbursements	20,026	667	-	-	84,108
Cash and investments - ending	\$ 136,600	\$ 33,293	\$ -	\$ -	\$ 1,004,870

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
SCHEDULE OF RECEIVABLES
December 31, 2020

<u>Government or Enterprise</u>	<u>Accounts Receivable</u>
Wastewater	\$ 56,823
Water	<u>21,974</u>
Totals	<u>\$ 78,797</u>

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
 SCHEDULE OF LEASES AND DEBT
 December 31, 2020

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Wastewater:			
General obligation bonds	2006 SRF	\$ 509,996	\$ 82,734
General obligation bonds	2019 Sewage Works Revenue Bonds	1,172,996	49,853
General obligation bonds	2019 Sewage Works Revenue BAN	<u>2,450,000</u>	<u>-</u>
Total Wastewater		<u>4,132,992</u>	<u>132,587</u>
Water:			
General obligation bonds	2016 Water Works Refunding	<u>553,632</u>	<u>47,858</u>
Totals		<u>\$ 4,686,624</u>	<u>\$ 180,445</u>

MAYSVILLE REGIONAL WATER AND SEWER DISTRICT
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2020

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	4,658,725
Buildings	129,000
Improvements other than buildings	20,398
Machinery, equipment, and vehicles	<u>707,492</u>
Total Wastewater	<u>5,561,115</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>\$ 8,086,240</u>

OTHER REPORTS

In addition to this report, other reports may have been issued for the District. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.