

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

EXAMINATION REPORT  
OF  
SPRINGS VALLEY REGIONAL WATER DISTRICT  
ORANGE COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**  
12/30/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	G. Alan Barnett	01-01-06 to 12-31-08
Office Manager	Susan J. Farris	01-01-06 to 12-31-08
Superintendent	Stephen M. Brown	01-01-06 to 12-31-08
President of the Board	Tony Watts Wayne Carnes	01-01-06 to 04-04-06 04-05-06 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SPRINGS VALLEY REGIONAL  
WATER DISTRICT, ORANGE COUNTY, INDIANA

We have examined the financial information presented herein of the Springs Valley Regional Water District (District), for the period of January 1, 2006 to December 31, 2007. The District's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the District for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

November 26, 2008

SPRINGS VALLEY REGIONAL WATER DISTRICT  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
PROPRIETARY FUND TYPES  
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Proprietary Funds:				
Operating	\$ 441,571	\$ 1,188,940	\$ 1,241,618	\$ 388,893
Customer Deposits	27,199	13,540	9,529	31,210
Water Works Improvements	229,967	10,061	-	240,028
Construction	1,375	885,400	883,881	2,894
Debt Service Reserve	243,544	10,655	-	254,199
Bond and Interest	143,027	348,707	275,000	216,734
Totals	<u>\$ 1,086,683</u>	<u>\$ 2,457,303</u>	<u>\$ 2,410,028</u>	<u>\$ 1,133,958</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Proprietary Funds:				
Operating	\$ 388,893	\$ 1,648,886	\$ 1,405,553	\$ 632,226
Customer Deposits	31,210	12,045	9,386	33,869
Water Works Improvements	240,028	11,050	-	251,078
Construction	2,894	-	5	2,889
Debt Service Reserve	254,199	11,702	-	265,901
Bond and Interest	216,734	462,967	440,425	239,276
Totals	<u>\$ 1,133,958</u>	<u>\$ 2,146,650</u>	<u>\$ 1,855,369</u>	<u>\$ 1,425,239</u>

The accompanying notes are an integral part of the financial information.

SPRINGS VALLEY REGIONAL WATER DISTRICT  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District operates under an appointed governing board and provides water services.

Note 2. Fund Accounting

The District uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes the District to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

SPRINGS VALLEY REGIONAL WATER DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

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>
Capital assets	
Land	\$ 21,730
Buildings	265,906
Improvements other than buildings	7,547,997
Machinery and equipment	<u>702,475</u>
Total capital assets	<u>\$ 8,538,108</u>

SPRINGS VALLEY REGIONAL WATER DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2007

The District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Revenue bonds:		
1999 Waterworks revenue bonds	\$ 1,520,000	\$ 139,478
2003 Waterworks refunding revenue bonds	365,000	83,002
2004 Waterworks revenue bonds	<u>4,721,200</u>	<u>220,352</u>
Total revenue bonds	<u>\$ 6,606,200</u>	<u>\$ 442,832</u>

SPRINGS VALLEY REGIONAL WATER DISTRICT  
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The District does not maintain sufficient detailed records of its capital assets. Upon purchase, the costs of the capital assets are added to aggregate subsidiary accounts for land, buildings, etc., in the General Ledger. However, records providing historical costs for some of the District's capital assets are not available, and records classifying and summarizing the District's capital assets are incomplete. The District has not taken a detailed inventory of its capital assets in several years.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the applicable Capital Assets Ledger. A complete inventory should be taken every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 16)

ANNUAL FINANCIAL REPORTS

The Annual Financial Reports for the years 2006 and 2007 were not presented for examination. The office manager indicated that annual financial reports were not prepared.

Indiana Code 5-11-1-4(a) states in part:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. . . . These reports shall be prepared, verified, and filed with the state examiner not later than thirty (30) days after the close of each fiscal year."

SPRINGS VALLEY REGIONAL WATER DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on November 26, 2008, with Susan J. Farris, Office Manager; Stephen M. Brown, Superintendent; Wayne Carnes, President of the Board; and G. Alan Barnett, Treasurer. The officials concurred with our findings.