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STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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January 10, 2019

Board of Trustees
Springs Valley Regional Water District
P.O. Box 368
West Baden Springs, IN 47469

This report is supplemental to the audit report of the Springs Valley Regional Water District (District), for the period from January 1, 2017 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/.

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 Springs Valley Regional Water District prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2017 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 finding in the report. Page 3 contains one Examination Finding and Result. Management's response may be found on page 5.

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

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

COMPLIANCE EXAMINATION OF
SPRINGS VALLEY REGIONAL WATER DISTRICT
Orange County, Indiana
January 1, 2017 to December 31, 2017

SPRINGS VALLEY REGIONAL WATER DISTRICT
Orange County, Indiana
January 1, 2017 to December 31, 2017

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SPRINGS VALLEY REGIONAL WATER DISTRICT
SCHEDULE OF OFFICIALS
January 1, 2017 to December 31, 2017

Office	Official	Term
Treasurer	John R. Harrison	01-01-17 to 12-31-17
Office Manager	Susan J. Farris	01-01-17 to 07-07-17
	Lauren Emmons	07-08-17 to 12-31-17
Superintendent	Stephen M. Brown	01-01-17 to 12-31-17
President of the Board	Garry J. Haworth	01-01-17 to 12-31-17

Crowe LLP
Independent Member Crowe Global

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of Springs Valley Regional Water District

We have examined Springs Valley Regional Water 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, 2017 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, 2017 to December 31, 2017, as described in item 2018-001 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, 2017 to December 31, 2017.

The Unit's response to the finding identified in our examination is described in the accompanying Schedule of Examination Findings and Results. The Unit's response was not subjected to the procedures applied in the examination of compliance and, accordingly, we express no opinion on it.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
December 4, 2018

FINDING 2018-001: 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: The Unit has no formal documentation of the implementation of a minimum level of internal controls standards. We noted this is a recurring finding.

The contents of this report were discussed on December 4, 2018, with Lauren Emmons, Office Manager, Stephen Brown, Superintendent, and Garry Haworth, President of the Board. The officials acknowledged the finding. The Official Response has been made a part of this report and may be found immediately following the finding on the previous page.

12-4-18

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SPRINGS VALLEY REGIONAL WATER DISTRICT

INTERNAL CONTROL STANDARDS CORRECTIVE ACTION PLAN

We are able to enforce Internal Control Standards daily with two people in the office. The clerk takes in the customer's money and receipt. That receipt is than balanced against the drawer to ensure that after the total amount of receipts for the day is taken out the amount left is $50.00, which is our starting amount for the cash drawer every day. The clerk than enters the amounts into the computer which must balance with the receipt amount for the day. The office manager than takes the deposit to the bank to ensure the deposit matches what was entered into the computer for the day. Two people must always be present to check that everything balances and matches so we feel as though this helps reduce our theft and ensure internal control standards are being followed by all employees.

Lauren Emmons

Office Manager

Springs Valley Regional Water District