

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

EXAMINATION REPORT
OF
STUCKER FORK CONSERVANCY DISTRICT
SCOTT COUNTY, INDIANA
January 1, 2007 to December 31, 2008



FILED
12/29/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chief Executive Officer	Randy Needler Larry McIntosh	01-01-07 to 07-02-07 07-03-07 to 12-31-09
Financial Clerk	Janice Couch Lisa Jackson	01-01-07 to 11-30-08 12-01-08 to 12-31-09
Utility Manager	Larry McIntosh Randy Needler	01-01-07 to 07-02-07 07-03-07 to 12-31-09
President of the Board	Elmer J. Reardon John Bard	01-01-07 to 12-31-07 01-01-08 to 12-31-09



STATE OF INDIANA
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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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE STUCKER FORK CONSERVANCY
DISTRICT, SCOTT COUNTY, INDIANA

We have examined the financial information presented herein of the Stucker Fork Conservancy District (District), for the period of January 1, 2007 to December 31, 2008. 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, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

November 3, 2009

STUCKER FORK CONSERVANCY DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 72,788	\$ 65,747	\$ 80,215	\$ 58,320
Cumulative Maintenance	29,780	3,738	-	33,518
Prepaid Flood Damage	8,630	338	-	8,968
Rainy Day	76,843	16,577	-	93,420
Proprietary Funds:				
Water Operating	3,819,107	4,467,503	4,399,675	3,886,935
Water Bond & Interest	300,790	805,006	187,243	918,553
Water Debt Service Reserve	564,464	63,936	-	628,400
Water Customer Deposit	247,703	66,049	41,321	272,431
Water Construction	869,878	579,889	1,371,993	77,774
Fiduciary Fund:				
Payroll Deductions	316	2,175	2,356	135
Totals	<u>\$ 5,990,299</u>	<u>\$ 6,070,958</u>	<u>\$ 6,082,803</u>	<u>\$ 5,978,454</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 58,320	\$ 127,403	\$ 74,609	\$ 111,114
Cumulative Maintenance	33,518	4,173	-	37,691
Prepaid Flood Damage	8,968	433	-	9,401
Rainy Day	93,420	17,969	-	111,389
Proprietary Funds:				
Water Operating	3,886,935	5,086,627	4,835,185	4,138,377
Water Bond & Interest	918,553	806,920	1,009,087	716,386
Water Debt Service Reserve	628,400	63,936	-	692,336
Water Customer Deposit	272,431	69,659	56,277	285,813
Water Construction	77,774	158	77,932	-
Fiduciary Fund:				
Payroll Deductions	135	756	594	297
Totals	<u>\$ 5,978,454</u>	<u>\$ 6,178,034</u>	<u>\$ 6,053,684</u>	<u>\$ 6,102,804</u>

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

STUCKER FORK CONSERVANCY 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 elected governing board and provides conservation (water management) and 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. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the District in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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 become delinquent if not paid by May 10 and November 10, respectively.

Note 5. 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.

STUCKER FORK CONSERVANCY DISTRICT
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The District contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 PERF Board, most requirements of the system, and give the District 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Subsequent Event

The District's Water Utility Awarded a contract on May 18, 2009, for \$465,530.85 to Fleetwood Contracting for water line replacement on Radio Tower Road.

STUCKER FORK CONSERVANCY DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
General obligation bonds:		
1970 Structure improvements	\$ 68,863	\$ 7,657
Business-type activities:		
Water Utility:		
Revenue bonds:		
Waterworks revenue bonds of 1998	\$ 7,790,000	\$ 480,000
Waterworks revenue bonds of 2005	3,575,000	319,655
Total business-type activities debt	\$ 11,365,000	\$ 799,655

STUCKER FORK CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS (Applies to Water Utility)

The District's Water Utility does not maintain sufficient detailed records of capital assets for its Utility Plant in Service accounts. Upon purchase, the costs of the capital assets are added to an aggregate Utility Plant in Service account, and to subsidiary accounts for land, buildings, etc., in the General Ledger. However, records providing historical costs for some of the utility's capital assets are not available, and records classifying and summarizing the utility's capital assets are incomplete. Deletions or disposals of capital assets are not always recorded.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

A similar comment was made in the prior Report B31340

ACCOUNTS RECEIVABLE LEDGER ACCOUNT BALANCE (Applies to Water Utility)

The District maintains a manual accounts receivable control. This accounts receivable control reconciled to the accounts receivable detail. However, the accounts receivable account in the general ledger was not reconciled to the manual control and to the detail. The detail exceeded the general ledger balance at December 31, 2008, by \$14,767.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

STUCKER FORK CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

CHANGE ORDER NOT PRESENTED (Applies to Water Utility)

The District's Water Utility accepted a bid from Dave O'Mara Contractor for water main relocation in the amount \$49,654 on July 2, 2007. Payments on this project during 2007 and 2008 totaled \$64,617, resulting in \$14,963 being paid in excess of the original bid. Chief executive officer, Larry McIntosh, stated that additional backfill was required and lines had to be laid deeper than originally anticipated. This was because contaminated soil was encountered. No change order was presented to the Board for approval.

If, in the course of construction, reconstruction or repair of a public work project, it becomes necessary to change or alter the original specification, a change order may be issued to add, delete, or change an item or items in the original contract. All change orders must be directly related to the original public work project. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 17)

INTEREST ON INVESTMENTS (Applies to Water Utility)

Interest earned on some investments was automatically added to the principal and not recorded in the records in some instances. Various investments were rolled over at maturity without properly recording interest earned and reinvested.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

STUCKER FORK CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on November 3, 2009, with Larry McIntosh, Chief Executive Officer; Lisa Jackson, Financial Clerk; and John Bard, President of the Board. The officials concurred with our findings.