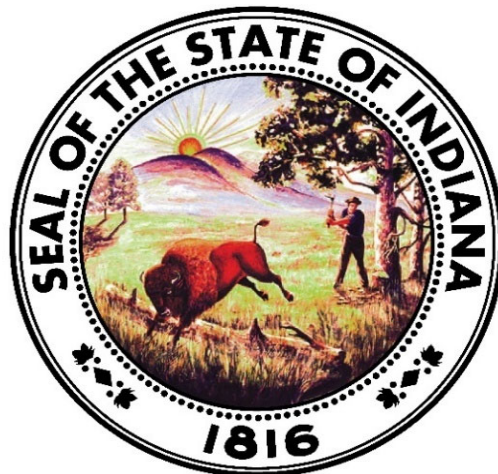


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL COMPLIANCE REPORT
OF
STUCKER FORK CONSERVANCY DISTRICT
SCOTT COUNTY, INDIANA
January 1, 2021 to December 31, 2022



FILED

10/23/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Utility Superintendent	Randy Needler	01-01-21 to 12-31-23
Financial Clerk	Lisa Wheeler	01-01-21 to 12-31-23
President of the District Board	John Bard	01-01-21 to 12-31-23



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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

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

This report is supplemental to the audit report of the Stucker Fork Conservancy District (District), for the period from January 1, 2021 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the District. It should be read in conjunction with the Financial Statement Audit Report of the District, which provides our opinions on the District's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

October 19, 2023

STUCKER FORK CONSERVANCY DISTRICT
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

Similar comments also appeared in prior Report B60359, entitled *INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING* and *CAPITAL ASSETS*.

Condition and Context

Financial, supplemental, and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The District had not established effective internal controls over the AFR information. The District's consultant entered the financial, supplemental, and other information in Gateway. The District's Financial Clerk and the District Board then reviewed and approved the information entered. The internal control was not effective and did not detect and allow corrections of errors prior to submitting. As a result, the following errors were noted:

Financial Data

1. The beginning cash and investments balance reported for the Rainy Day fund was overstated by \$34,939 for 2021.
2. The beginning cash and investments balance reported for the Cumulative Maintenance fund was understated by \$34,939 for 2021.

Adjustments were proposed, accepted by the District, and made to the financial statement and to the Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented as Required Supplementary Information in the Financial Statement Audit Report of the District.

Capital Assets

The District did not maintain a detailed listing of capital assets. Additions and deletions of capital assets during the audit period were not properly recorded, and a physical inventory had not been taken in the past two years. Capital asset records indicated that the last additions recorded to the records were in 2009. As a result, the amount reported for capital assets in the AFR could not be verified. The District chose to not present the Schedule of Capital Assets in the Financial Statement Audit Report of the District.

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.

STUCKER FORK CONSERVANCY DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

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. . . ."

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

"The state examiner shall require from every audited entity 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 sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

OFFICIAL BOND

A similar comment appeared in prior Reports B56277, entitled *FINDING 2019-003: SURETY BONDS*; and B60359, entitled *OFFICIAL BOND*.

Condition and Context

The amount of the official bond held by the District for the Financial Clerk was below the minimum required amount per statute. Minimum required bond coverage for 2021 and 2022 should have been \$240,000 based on receipts of the District during 2020 and 2021, respectively; however, the District only had coverage of \$60,000 for both 2021 and 2022. Additionally, the bond was not recorded with the County Recorder.

Criteria

Indiana Code 5-4-1-18 states in part:

". . . (e) Except as provided in subsections (k) and (l), the fiscal bodies of the respective units shall fix the amount of the bond of . . . conservancy district financial clerks as follows:

- (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee. . . ."

STUCKER FORK CONSERVANCY DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 5-4-1-5.1(b) states in part:

"Every elected or appointed officer, official, deputy, employee, or contractor of a political subdivision . . . shall file the bond with the fiscal officer of the political subdivision and in the office of the county recorder in the county of office or employment of the officer, official, deputy, employee, or contractor. . . ."

STUCKER FORK CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 19, 2023, with Lisa Wheeler, Financial Clerk, and John Bard, President of the District Board.