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December 31, 2020

Board of Directors  
Stucker Fork Conservancy District – Water Utility  
P.O. Box 274  
Scottsburg, IN 47170

This report is supplemental to the audit report of the Stucker Fork Conservancy District – Water Utility (District), for the period from January 1, 2018 to December 31, 2019. 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/](http://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 Stucker Fork Conservancy District – Water Utility prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2018 to December 31, 2019. 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 findings in the report. Page 3 contains three Examination Findings and Results. 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, CPA  
State Examiner

**COMPLIANCE EXAMINATION OF  
STUCKER FORK CONSERVANCY DISTRICT**

Scott County, Indiana  
January 1, 2018 to December 31, 2019

STUCKER FORK CONSERVANCY DISTRICT

Scott County, Indiana  
January 1, 2018 to December 31, 2019

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STUCKER FORK CONSERVANCY DISTRICT  
SCHEDULE OF OFFICIALS  
January 1, 2018 to December 31, 2019

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<u>Office</u>	<u>Official</u>	<u>Term</u>
Utility Superintendent	Randy Needler	01-01-18 to 12-31-19
Financial Clerk	Lisa Wheeler	01-01-18 to 12-31-19
President of the Board	John Bard	01-01-18 to 12-31-19

## INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and  
Management of Stucker Fork Conservancy District

We have examined Stucker Fork Conservancy 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, 2018 to December 31, 2019. 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, 2018 to December 31, 2019, as described in items 2019-001, 2019-002, and 2019-003 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, 2018 to December 31, 2019.

The Unit's responses to the findings identified in our examination are described in the accompanying Schedule of Examination Findings and Results. The Unit's responses were not subjected to the procedures applied in the examination of compliance and, accordingly, we express no opinion on them.

  
Crowe LLP

Indianapolis, Indiana  
December 22, 2020

STUCKER FORK CONSERVANCY DISTRICT  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2018 to December 31, 2019

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**FINDING 2019-001: UTILITY COLLECTIONS - RETENTION OF BILLING STUBS**

**Criteria:** The paid billing stubs representing receipt of payment from customers were not retained for audit. Indiana Code 5-15-6-3 states: "No financial records or records relating to financial records shall be destroyed until the earlier of the following actions: (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied' (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

**Condition:** During testing of receipts, we noted 10 instances, in a sample of 20, in which the supporting deposit slip could not be provided. The total amount of receipts identified missing deposit slips was \$42,398, representing selections for 2018 for which deposit records were not maintained. During the testing of receipts, we noted the condition was remedied in 2019.

**FINDING 2019-002: 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:** During testing, we noted that the Unit did not have formal documentation regarding the implementation of the minimum level of internal control standards.

**FINDING 2019-003: SURETY BONDS**

**Criteria:** Indiana Code 5-4-1-18(c) states in part: "a) Except as provided in subsections (b), (c), and (d), the following individuals shall file and maintain in place an individual surety bond during each year that the individual serves as an officer, employee, or contractor: Individuals whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the federal government, the state, a political subdivision, or another governmental entity.

**Condition:** During testing, we noted the Unit did not file the bonds with the county recorder. Additionally, the amount of bonds held by the Unit was below the minimum level required by the Indiana State Board of Accounts.

STUCKER FORK CONSERVANCY DISTRICT  
EXIT CONFERENCE  
January 1, 2018 to December 31, 2019

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The contents of this report were discussed on December 22, 2020, with John Bard, President of the Board, Randy Needler, Superintendent, and Lisa Wheeler, Financial Clerk. The officials acknowledged the findings.

## **STUCKER FORK WATER UTILITY**

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SCOTTSBURG, INDIANA 47170  
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PHONE (812) 794-0650

### **FINDING 2019-001: UTILITY COLLECTIONS - RETENTION OF BILLING STUBS**

**Management's Response:** A deficiency in the retention of billing stubs was pointed out in the 2017 – 2018 audit. Once the financial clerk was notified, the error was corrected. Billing stubs were presented for 2019 and will continue in following years.

### **FINDING 2019-002: MINIMUM LEVEL OF INTERNAL CONTROLS**

**Management's Response:** Management is currently in process of developing written internal controls. We have been working with Baker Tilly to review state guidelines and develop controls that meet those guidelines.

### **FINDING 2019-003: SURETY BONDS**

**Management's Response:** Surety Bonds seem to be delivered in December of each year. Upon receiving the bonds they will immediately be taken to the county recorder to be filed. This will prevent the documents from being filed within Stucker Fork records and forgotten.