

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BIG CICERO CREEK JOINT DRAINAGE BOARD

TIPTON COUNTY, INDIANA

January 1, 2022 to December 31, 2022



**FILED**

11/21/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Ex-Officio Board Member	Jason R. Henderson	01-01-22 to 12-31-23
Treasurer	Kristi Hinkle	01-01-22 to 12-31-23
President of the Board	Brad Bagwell	01-01-22 to 12-31-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE BIG CICERO CREEK JOINT  
DRAINAGE BOARD, TIPTON COUNTY, INDIANA

This report is supplemental to the audit report of the Big Cicero Creek Joint Drainage Board (Board), for the period from January 1, 2022 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 Board. It should be read in conjunction with the Financial Statement Audit Report of the Board, which provides our opinions on the Board's financial statement. This report may be found at [www.in.gov/sboa](http://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 10, 2023

BIG CICERO CREEK JOINT DRAINAGE BOARD  
AUDIT RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

The Board had not established effective internal controls over the financial information entered in the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system which was the source of the financial statement and other information reported with the financial statement.

Due to the lack of effective internal controls, the AFR presented for audit included the following errors:

*Financial Data*

1. The beginning cash and investments balance for the Big Cicero Drain Maintenance fund was overstated by \$122,367.
2. The receipts for the Big Cicero Drain Maintenance fund were understated by \$162,522.
3. In total, the disbursements for the Big Cicero Drain Maintenance fund were overstated by \$8,457.
4. The Big Cicero Creek Line of Credit fund was not reported, which understated the receipts and disbursements both by \$1,052,642.

Audit adjustments were proposed, accepted by the Board, and made to the financial statement and 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 Board.

*Other Information*

The Board did not report any capital asset or accounts receivable and accounts payable information in Gateway as required.

The differences have not been determined but are presumed to be material. The Board has opted to not present the Schedule of Capital Assets or Schedule of Payables and Receivables as Other Information in the Financial Statement Audit Report of the Board.

*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:

BIG CICERO CREEK JOINT DRAINAGE BOARD  
AUDIT RESULTS AND COMMENTS  
(Continued)

"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. . . ."

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](#)."

## **TRANSACTION RECORDING**

### *Condition and Context*

The Board recorded a receipt in the financial records in December 2021; however, those funds were not actually received or deposited to the bank until January 2022. Additionally, the Board did not record the receipt or disbursement transactions of the Big Cicero Creek Grant fund (for its Transportation and Storm Water grant) or the Big Cicero Creek Line of Credit fund into its financial ledger.

### *Criteria*

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

BIG CICERO CREEK JOINT DRAINAGE BOARD  
EXIT CONFERENCE

The contents of this report were discussed on October 10, 2023, with Jason R. Henderson, Ex-Officio Board member; Kristi Hinkle, Treasurer; Brad Bagwell, President of the Board; and Mark Heirbrandt, Board member.