

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

COMPLIANCE EXAMINATION REPORT

OF

TIPPECANOE AND CHAPMAN LAKES REGIONAL SEWER DISTRICT

KOSCIUSKO COUNTY, INDIANA

January 1, 2021 to December 31, 2022



**FILED**

12/15/2023



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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December 15, 2023

To: The Officials of the Tippecanoe and Chapman Lakes Regional Sewer District  
Tippecanoe and Chapman Lakes Regional Sewer District  
Kosciusko County, Indiana

This report is supplemental to the audit report of the Tippecanoe and Chapman Lakes Regional Sewer 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 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 the Tippecanoe and Chapman Lakes Regional Sewer District prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2021 to December 31, 2022. 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 on page 3.

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

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

TIPPECANOE & CHAPMAN LAKES REGIONAL SEWER DISTRICT

Kosciusko County, Indiana  
January 1, 2021 to December 31, 2022

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TIPPECANOE & CHAPMAN LAKES REGIONAL SEWER DISTRICT  
SCHEDULE OF OFFICIALS  
For the period January 1, 2021 to December 31, 2022

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<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kim Hathaway	01-01-21 to 12-31-22
President of the Board	Jon Tyler	01-01-21 to 12-31-22



## INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and  
Management of Tippecanoe and Chapman Lakes Regional Sewer District

We have examined Tippecanoe and Chapman Lakes Regional Sewer 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, 2021 to December 31, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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, 2021 to December 31, 2022, as described in item 2022-001 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, 2021 to December 31, 2022.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
November 21, 2023

TIPPECANOE & CHAPMAN LAKES REGIONAL SEWER DISTRICT  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2021 to December 31, 2022

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**FINDING 2022-001: 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:** There were deficiencies in the internal controls of the Tippecanoe and Chapman Lakes Regional Sewer District (District) related to cash and investments, and receipts. The District had not established an effective internal control system that separated incompatible activities related to those areas. Failure to implement these internal controls could have enabled material misstatements to occur and remain undetected.

*Receipts*

Receipts for the District are recorded in a cash journal by an outside accounting firm. During the audit period, there was no documented review of these entries by the District.

*Disbursements*

During testing, we noted 1 disbursement in a sample size of 20 disbursements, where approval of the disbursement was not evident.

TIPPECANOE & CHAPMAN LAKES REGIONAL SEWER DISTRICT  
EXIT CONFERENCE  
January 1, 2021 to December 31, 2022

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The contents of this report were discussed on November 21, 2023, with Jennifer Ransbottom, Consultant, and Kim Hathaway, Treasurer.