

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF DARMSTADT

VANDERBURGH COUNTY, INDIANA

January 1, 2019 to December 31, 2022



**FILED**  
01/02/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mallory Lowe	01-01-19 to 12-31-23
President of the Town Council	Paul Freeman Jay Sollman	01-01-19 to 12-31-22 01-01-23 to 12-31-23
Superintendent of Wastewater Utility	Jeff Goerges (Vacant)	01-01-19 to 06-23-21 06-24-21 to 10-05-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF DARMSTADT, VANDERBURGH COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Darmstadt (Town), for the period from January 1, 2019 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 Town. It should be read in conjunction with the Financial Statements Audit Report of the Town, which provides our opinions on the Town'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 performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE  
Deputy State Examiner

October 5, 2023

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CLERK-TREASURER  
TOWN OF DARMSTADT

CLERK-TREASURER  
TOWN OF DARMSTADT  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

*Condition and Context*

There were deficiencies noted in the internal control system of the Town related to cash and investments and financial close and reporting.

*Cash and Investments*

Depository reconciliations of the fund balances to the bank balances were completed monthly for the Town and Wastewater Utility; however, there was no evidence of an oversight, review, or approval process to prevent, or detect and correct, errors.

*Financial Close and Reporting*

The Clerk-Treasurer entered and submitted financial information for the Town into the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report and financial statements. There was no evidence of an internal control, such as an oversight, review, or approval process, to ensure the accuracy of the information entered and submitted. Due to the lack of internal controls over the financial statements, material misstatements remained undetected.

*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. . . ."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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 Cities and Towns, Chapter 1)

CLERK-TREASURER  
TOWN OF DARMSTADT  
EXIT CONFERENCE

The contents of this report were discussed on October 5, 2023, with Mallory Lowe, Clerk-Treasurer; Ray Engler, Town Council member; and Eric J. Gries, President of the Redevelopment Commission.