

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

COMPLIANCE REPORT  
OF  
TOWN OF CLARKS HILL  
TIPPECANOE COUNTY, INDIANA  
January 1, 2015 to December 31, 2018



**FILED**  
12/30/2019



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Other Information - Unaudited:	
Schedule of Cash and Investment Balances.....	6
Results and Comments:	
Bank Account Reconciliations .....	7
Overdrawn Cash Balances.....	7-8
Public Records Retention .....	8
Supporting Documentation .....	9
Exit Conference.....	10

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Deborah Sutton Diana Luper	01-01-15 to 03-31-15 04-01-15 to 12-31-19
President of the Town Council	Dustin Winger Clark D. Whitley Robert V. Davis	01-01-15 to 12-31-17 01-01-18 to 12-31-18 01-01-19 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE TOWN OF CLARKS HILL, TIPPECANOE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Clarks Hill (Town), Tippecanoe County, for the period of January 1, 2015 to December 31, 2018, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The 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.

The Schedule of Cash and Investment Balances, as listed in the Table of Contents, is presented as other information. It has not been subjected to any auditing procedures and, accordingly, we do not express an opinion or provide any assurance on it.

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

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

December 18, 2019

(This page intentionally left blank.)

#### OTHER INFORMATION - UNAUDITED

The Town's Annual Financial Reports information can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>. The schedule presented herein is presented as other information and is derived from the Town's Annual Financial Reports information and has not been subjected to any audit procedures. No adjustments have been made to the information as reported in Gateway and, as such, balances may differ.

TOWN OF CLARKS HILL  
SCHEDULE OF CASH AND INVESTMENT  
BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2018

Fund	Cash and Investments 12-31-18
GENERAL FUND	\$ 65,746
MVH	44,309
LOCAL ROAD & STREET	29,889
TRASH	16,710
PARK & RECREATION	473
RAINY DAY	3,342
CCI	1,022
CCD	6,719
POLICE	5,346
EDIT	25,337
COMMUNITY BUILDING RENTAL	1,267
DEMOLITION (RUBY PARKS) FUND	30,000
RUBY PARKS FUND	10,578
COMMUNITY CROSSINGS GRANT	2,000
SPECIAL LOIT	10,027
SHOP WITH COP	2,490
DUE TO UTILITIES	3,314
PAYROLL	(1,078)
WATER UTILITY OPERATING	(38,076)
WATER UTL METER DEPOSIT	23,776
SEWAGE UTILITY OPERATING	672
SEWAGE UTL BOND & INT	(13,617)
SEWAGE UTL DEPRECIATION	<u>5,012</u>
Total	<u>\$ 235,258</u>

TOWN OF CLARKS HILL  
RESULTS AND COMMENTS

**BANK ACCOUNT RECONCILIATIONS**

*Condition and Context*

Depository reconciliations were conducted in a system reconciliation; thus, the adjusted bank balance was not compared to the ending fund balance. December outstanding checks and deposits in transit as listed in the reconciliation, as presented for the engagement, were unsupported for all four years.

The outstanding check listing for each year contained items that were not actual checks or EFT's from the Town, but are adjustments or various other unknown items, that documentation was not presented to support the amount reported in the Town prepared bank reconciliation. The December 31, 2018 total outstanding check list amounted to \$20,239, and contained outstanding items that had not cleared the bank as of the date of this report.

Deposits in transit fluctuated each year, and contained items such as utility daily deposits, VIN check receipts, bank reconciliation differences, and various other unknown items, that documentation was not presented to support the amount reported in the Town prepared bank reconciliation. The December 31, 2018 total deposit in transit amounted to \$31,716, and contained deposits in transit that had not cleared the bank as of the date of this report.

The depository reconciliations as presented could not be verified; therefore, we could not conclude the year-end fund balance, as reported, was correct.

*Criteria*

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**OVERDRAWN CASH BALANCES**

A similar comment also appeared in prior Report B46236.

*Condition and Context*

The following funds had overdrawn cash balances at year end:

TOWN OF CLARKS HILL  
RESULTS AND COMMENTS  
(Continued)

Years	Fund	Amount Overdrawn
2015	Payroll	\$ 168,705
2016	Payroll	173,032
2018	Payroll	1,078
2015	Water Utility Operating	14,162
2016	Water Utility Operating	13,679
2017	Water Utility Operating	54,322
2018	Water Utility Operating	38,076
2016	Sewage Utility Operating	2,260
2017	Sewage Utility Operating	27,080
2015	Sewage Utility Bond & Int	13,617
2016	Sewage Utility Bond & Int	13,617
2017	Sewage Utility Bond & Int	13,617
2018	Sewage Utility Bond & Int	13,617

*Criteria*

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**PUBLIC RECORDS RETENTION**

A similar comment appeared in prior Report B46236.

*Condition and Context*

The Town was unable to provide the Form URT-1 for 2016.

*Criteria*

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."

TOWN OF CLARKS HILL  
RESULTS AND COMMENTS  
(Continued)

***SUPPORTING DOCUMENTATION***

*Condition and Context*

Documentation to support the calculation of the utility receipts tax and sales tax paid by the Town, during the engagement period, was not provided for review. It was also noted that annual sales in the Town sales journals contained large fluctuations in sales amounts for each year of the engagement. The total annual sales on the Towns sales journals did not agree to the total sales for each year of the engagement noted on the utility receipt tax forms URT-1 or the sales tax forms, which are reported to the Indiana Department of Revenue.

*Criteria*

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN OF CLARKS HILL  
EXIT CONFERENCE

The contents of this report were discussed on December 18, 2019, with Diana Luper, Clerk-Treasurer, and Robert V. Davis, President of the Town Council.