

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF CLARKSVILLE

CLARK COUNTY, INDIANA

January 1, 2022 to December 31, 2022



**FILED**

06/30/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Robert P. Leuthart	01-01-22 to 12-31-23
President of the Town Council	Ryan Ramsey	01-01-22 to 12-31-23
Utility Office Director	Brittany Montgomery (Vacant)	01-01-22 to 10-28-22 10-29-22 to 12-31-23
Town Manager	Kevin Baity	01-01-22 to 12-31-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF CLARKSVILLE, CLARK COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Clarksville (Town), 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 Town. It should be read in conjunction with the Financial Statement Audit Report of the Town, which provides our opinions on the Town'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 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

May 16, 2023

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CLERK-TREASURER  
TOWN OF CLARKSVILLE

CLERK-TREASURER  
TOWN OF CLARKSVILLE  
AUDIT RESULT AND COMMENT

***INTERNAL CONTROLS OVER ANNUAL FINANCIAL REPORT***

A similar comment also appeared in the prior Reports B55841, B55842, B58189, and B59796 entitled, *INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING*.

*Condition and Context*

The Town had not established effective internal controls over the financial and other information entered into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Town's financial statement presented for audit.

The Town failed to properly review the financial information prepared and submitted in Gateway. Although the Chief Deputy Clerk-Treasurer entered the information into Gateway, the Town Manager reviewed the information entered, and the Clerk-Treasurer approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

Due to the lack of effective internal controls, the financial and other information presented for audit included the following errors:

- Funds of the Clarksville Redevelopment Authority (Authority) were incorrectly reported within the Town's financial statement. The Authority is a separate legal entity and financial activities of the Authority should not be reported in the financial statement of the Town. This resulted in the Town's receipts, disbursement and ending cash and investments being overstated by \$13,875,644, \$12,770,973, and \$1,104,671, respectively.

Adjustments to eliminate the Authority's financial activities were proposed, accepted by the Town, and made to the financial statement and to the combining schedule presented as Required Supplementary Information in the Financial Statement Audit Report.

- Incorrect amounts were reported by the Town Court, which understated the beginning cash and investment balance by \$102,279; overstated receipts by \$91,290; understated disbursements by \$38,515, and overstated of the ending cash and investment balance by \$27,526.
- The capital asset information entered into Gateway did not contain all additions and deletions of capital assets that occurred during the audit period.

CLERK-TREASURER  
TOWN OF CLARKSVILLE  
AUDIT RESULT AND COMMENT  
(Continued)

*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 5-11-1-4(a) states:

"The state examiner shall require from 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](#)."

CLERK-TREASURER  
TOWN OF CLARKSVILLE  
EXIT CONFERENCE

The contents of this report were discussed on May 16, 2023, with Robert P. Leuthart, Clerk-Treasurer; Sherry Lockard, First Deputy Clerk-Treasurer; Kevin Baity, Town Manager; Ryan Ramsey, President of the Town Council; and Chris Sturgeon, Attorney.