

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT

OF

TOWN OF CLARKSVILLE

CLARK COUNTY, INDIANA

January 1, 2005 to December 31, 2005



FILED
09/28/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Gary P. Hall	01-01-04 to 12-31-07
President of the Town Council	John H. Minta Paul L. Kraft	01-01-05 to 06-01-06 06-02-06 to 12-31-06
Utility Office Manager	Dorothea J. Leuthart	01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedule of receipts, disbursements, and cash and investment balances of the Town of Clarksville (Town), for the period of January 1, 2005 to December 31, 2005. The Town's management is responsible for the schedule. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents fairly, in all material respects, the cash transactions of the Town for the year ended December 31, 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 21, 2006

TOWN OF CLARKSVILLE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2005

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 716	\$ 10,962,694	\$ 10,958,803	\$ 4,607
Motor Vehicle Highway	606,881	1,021,638	768,870	859,649
Local Road and Street	6,628	1,722,127	532,167	1,196,588
Park and Recreation	1,208	2,113,611	2,109,964	4,855
Firefighting	30	5,285,991	5,285,202	819
Economic Development	4,638	-	346	4,292
Supplemental Adult Probation Services	35,268	101,730	92,954	44,044
Law Enforcement Continuing Education	70,596	26,909	40,750	56,755
Clerk's Record Perpetuation	-	948	-	948
Donation	105,758	15,408	17,326	103,840
Redevelopment District General	51,664	30,930	38,400	44,194
Unsafe Building	73,936	145	1,478	72,603
Towed Vehicle Nonreverting	34,500	15,360	33,721	16,139
Controlled Substance	1,485	71	-	1,556
User Fee	66,799	5,238	15,922	56,115
Tourism Revenue Bond of 2002	323,394	-	200,952	122,442
Park Distr Bond, Interest	-	392,065	392,023	42
Riverfront Development	2,330	16,810	19,140	-
Cumulative Capital Improvement	869,164	248,254	200,000	917,418
Cumulative Capital Development	150,545	1,083,741	830,580	403,706
Cumulative Building and Firefighting Equipment	120,018	160,350	116,469	163,899
Clarksville Jeffersonville HAZMAT	55,696	-	2,171	53,525
County Economic Development Income Tax	172,053	1,790,464	1,957,712	4,805
Redevelopment Commission (TIF)	12,554	2,652,985	2,146,198	519,341
Lincoln Park Revolving Improvements	27,425	-	27,425	-
Federal/State Grant	386	-	-	386
State Grant	-	16,042	16,042	-
Hometown Forestry Grant	1,146	-	-	1,146
Nonreverting Senior Grant	9,685	25,895	26,672	8,908
Nonreverting Clean up Fee	-	2,740	-	2,740
Lewis and Clark Parkway Construction Maintenance	4,813	2,170,000	966,760	1,208,053
Proprietary Funds:				
Wastewater Utility Operating Fund	2,832,750	3,477,926	4,304,588	2,006,088
Wastewater Utility Bond and Interest Fund	279,890	1,246,377	984,414	541,853
Wastewater Utility Construction Fund	722	3	-	725
Stormwater Utility Construction	-	751,803	252,974	498,829
Self-Insurance Fund	1,526,361	3,002,123	3,970,608	557,876
Municipal Center Refueling Station	5	138,141	138,067	79
Fiduciary Funds:				
Payroll	100	7,350,243	7,350,207	136
Police Pension	35	430,133	410,509	19,659
Firefighters Pension	192	657,644	657,797	39
URM/DDC Disbursement Control Flexible Spending	1,178	3,594	4,079	693
Nonreverting Parks Refunds	-	6,500	6,460	40
Retainage	-	1,525	-	1,525
Court Costs Due County	-	14,381	14,381	-
Town Court	63,374	314,538	311,225	66,687
Interpretive Center	182,000	182,000	182,000	182,000
Totals	\$ 7,695,923	\$ 47,439,077	\$ 45,385,356	\$ 9,749,644

The accompanying notes are an integral part of the schedules.

TOWN OF CLARKSVILLE
NOTES TO SCHEDULE

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highway and streets, sanitation, culture and recreation, public improvement, planning and zoning, general administrative services, economic development and wastewater services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Pension Plans

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible

TOWN OF CLARKSVILLE
NOTES TO SCHEDULE
(Continued)

to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

TOWN OF CLARKSVILLE
NOTES TO SCHEDULE
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF.

Note 7. Long-Term Debt

The Town has entered into various debts such as bonds for park improvements, tourism projects, and wastewater plant improvements, a loan for infrastructure and capital leases for equipment, buildings and infrastructure. The outstanding principal for the bond issues, the loan and the capital leases at December 31, 2005, was \$14,693,782, \$3,328,418 and \$14,106,282.74, respectively.

In addition to the above debt, the Town of Clarksville and the Town of Sellersburg entered into an agreement whereby the Town of Sellersburg will provide water services to an area annexed by the Town of Clarksville. In exchange for the water services, the Town of Clarksville agreed to pay the Town of Sellersburg \$246,712 over a twenty year period. The balance outstanding at December 31, 2005, was \$74,010.

TOWN OF CLARKSVILLE, CLARK COUNTY
EXAMINATION RESULT AND COMMENT

ACCOUNTS RECEIVABLE GENERAL LEDGER ACCOUNT (Applies to Wastewater Utility)

The accounts receivable general ledger account balances at December 31, 2005, for stormwater and sewer charges agreed to the detail accounts receivable balance per the subsidiary records. However, in order for the balances to agree, a credit entry was made to the accounts receivable account in the amount of \$12,837 with the explanation "adjustment for the year." The miscellaneous expense account was debited. We were unable to determine that the reason the accounts receivable balance did not agree to the detailed subsidiary record prior to the adjustment was that the customer account adjustments from the Wastewater Utility were posted to the customer accounts, but never posted to the accounts receivable account in the general ledger.

The delinquent accounts receivable general ledger account was not properly reconciled each month with the manual delinquent accounts receivable control. At December 31, 2005, the general ledger account balance exceeded the manual control balance in the amount of \$5,018.

By not performing reconciliation procedures, Town officials cannot be assured that errors or omissions in the accounting records will be detected and resolved timely.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF CLARKSVILLE
EXIT CONFERENCE

The contents of this report were discussed on August 21, 2006, with Gary P. Hall, Clerk-Treasurer; and Dorothea J. Leuthart, Utility Office Manager. The officials concurred with our finding.