

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

AUDIT REPORT

OF

TOWN OF FRENCH LICK

ORANGE COUNTY, INDIANA

January 1, 2005 to December 31, 2006



**FILED**  
10/25/2007



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Dave Harner	01-06-04 to 12-31-07
President of the Town Council	Barry M. Winger Marlene J. Noble	01-01-05 to 12-31-06 01-01-07 to 12-31-07
Superintendent of Wastewater Utility	James West Chris Mills	01-01-05 to 01-22-06 01-23-06 to 12-31-07



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE TOWN OF FRENCH LICK, ORANGE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of French Lick (Town), as of and for the years ended December 31, 2005 and 2006, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

As discussed in Note I, the financial statements referred to above do not include a component unit of the Town which should have been included to fairly present the financial position of the Town.

In our opinion, except that the omission of the component unit of the Town referred to in the preceding paragraph results in incomplete presentation, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2005 and 2006, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated September 24, 2007, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Town taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 24, 2007



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF FRENCH LICK, ORANGE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of French Lick (Town), as of and for the years ended December 31, 2005 and 2006, which collectively comprise the Town's basic financial statements and have issued our report thereon dated September 24, 2007. The opinion to the financial statements was qualified due to the omission of the component unit of the Town which resulted in incomplete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management in a separate letter dated September 12, 2007.

The Town's response to the findings identified in our audit are described in the accompanying section of the report entitled Official Response. We did not audit the Town's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, the Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 24, 2007

TOWN OF FRENCH LICK  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2005

Functions/Programs	Disbursements	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets		Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 209,118	\$ 14,779	\$ 544,274	\$ -	\$ 349,935	\$ -	\$ 349,935
Public safety	247,338	261	122,119	-	(124,958)	-	(124,958)
Highways and streets	226,025	152	-	-	(225,873)	-	(225,873)
Sanitation	112,718	86,556	4,547	-	(21,615)	-	(21,615)
Economic development	305,193	-	65,710	-	(239,483)	-	(239,483)
Culture and recreation	54,394	6,255	21,338	-	(26,801)	-	(26,801)
Aviation	713,704	62,561	5,083	545,013	(101,047)	-	(101,047)
Interest on long-term debt	56,023	-	4,723	-	(51,300)	-	(51,300)
<b>Total governmental activities</b>	<b>1,924,513</b>	<b>170,564</b>	<b>767,794</b>	<b>545,013</b>	<b>(441,142)</b>	<b>-</b>	<b>(441,142)</b>
<b>Business-type activities:</b>							
Wastewater	725,513	679,733	-	-	-	(45,780)	(45,780)
<b>Total primary government</b>	<b>\$ 2,650,026</b>	<b>\$ 850,297</b>	<b>\$ 767,794</b>	<b>\$ 545,013</b>	<b>(441,142)</b>	<b>(45,780)</b>	<b>(486,922)</b>
<b>General receipts:</b>							
Property taxes					478,303	-	478,303
Other local sources					41,112	-	41,112
Insurance proceeds					869	-	869
Riverboat revenue sharing					12,239	-	12,239
Proceeds from sale of assets					44,050	55,000	99,050
Unrestricted investment earnings					3,218	2,292	5,510
<b>Total general receipts</b>					<b>579,791</b>	<b>57,292</b>	<b>637,083</b>
<b>Change in net assets</b>					<b>138,649</b>	<b>11,512</b>	<b>150,161</b>
<b>Net assets - beginning</b>					<b>768,985</b>	<b>253,058</b>	<b>1,022,043</b>
<b>Net assets - ending</b>					<b>\$ 907,634</b>	<b>\$ 264,570</b>	<b>\$ 1,172,204</b>
<b>Assets</b>							
Cash and investments					\$ 111,210	\$ 64,431	\$ 175,641
<b>Restricted assets:</b>							
Cash and investments					796,424	200,139	996,563
<b>Total assets</b>					<b>\$ 907,634</b>	<b>\$ 264,570</b>	<b>\$ 1,172,204</b>
<b>Net Assets</b>							
<b>Restricted for:</b>							
General government					\$ 3,827	\$ -	\$ 3,827
Public safety					1,097	-	1,097
Highways and streets					59,299	-	59,299
Sanitation					131,005	-	131,005
Culture and recreation					49,239	-	49,239
Economic development					222,624	-	222,624
Aviation					50,214	-	50,214
Debt service					73,535	197,555	271,090
Capital outlay					205,584	2,584	208,168
<b>Unrestricted</b>					<b>111,210</b>	<b>64,431</b>	<b>175,641</b>
<b>Total net assets</b>					<b>\$ 907,634</b>	<b>\$ 264,570</b>	<b>\$ 1,172,204</b>

The notes to the financial statements are an integral part of this statement.

TOWN OF FRENCH LICK  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2005

	General	Motor Vehicle Highway	Landfill	French Lick Revolving Loan	Economic Development Income Tax	Airport Capital Improvements	Other Governmental Funds	Totals
Receipts:								
Taxes	\$ 237,629	\$ 89,999	\$ 31,671	\$ -	\$ -	\$ -	\$ 119,004	\$ 478,303
Intergovernmental	229,132	107,275	4,547	327,780	65,710	537,141	83,500	1,355,085
Charges for services	14,779	152	86,556	-	-	17,272	51,805	170,564
Other	47,035	1,147	-	-	20	515	10,493	59,210
<b>Total receipts</b>	<b>528,575</b>	<b>198,573</b>	<b>122,774</b>	<b>327,780</b>	<b>65,730</b>	<b>554,928</b>	<b>264,802</b>	<b>2,063,162</b>
Disbursements:								
General government	197,614	-	-	-	-	-	795	198,409
Public safety	245,309	-	-	-	-	-	2,029	247,338
Highways and streets	1,047	190,941	-	-	-	-	23,440	215,428
Sanitation	-	-	66,516	-	-	-	-	66,516
Culture and recreation	3,566	-	-	-	-	-	40,828	44,394
Economic development	100	-	-	270,087	-	-	35,006	305,193
Aviation	-	-	-	-	-	-	127,925	127,925
Debt service:								
Principal	10,709	10,597	46,202	-	-	14,432	10,000	91,940
Interest	305	3,108	-	-	-	9,338	43,272	56,023
Capital outlay:								
Aviation	-	-	-	-	-	539,892	31,455	571,347
<b>Total disbursements</b>	<b>458,650</b>	<b>204,646</b>	<b>112,718</b>	<b>270,087</b>	<b>-</b>	<b>563,662</b>	<b>314,750</b>	<b>1,924,513</b>
Excess (deficiency) of receipts over (under) disbursements	69,925	(6,073)	10,056	57,693	65,730	(8,734)	(49,948)	138,649
Other financing sources (uses):								
Transfers in	22,448	5,768	57,376	-	37,369	2,794	79,329	205,084
Transfers out	(100,507)	(24,468)	-	-	(18,685)	-	(61,424)	(205,084)
<b>Total other financing sources (uses)</b>	<b>(78,059)</b>	<b>(18,700)</b>	<b>57,376</b>	<b>-</b>	<b>18,684</b>	<b>2,794</b>	<b>17,905</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(8,134)	(24,773)	67,432	57,693	84,414	(5,940)	(32,043)	138,649
Cash and investment fund balance - beginning	115,220	61,753	63,573	154,361	83,844	21,292	268,942	768,985
Cash and investment fund balance - ending	\$ 107,086	\$ 36,980	\$ 131,005	\$ 212,054	\$ 168,258	\$ 15,352	\$ 236,899	\$ 907,634
<b>Cash and Investment Assets - December 31</b>								
Cash and investments	\$ 107,086	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,124	\$ 111,210
Restricted assets:								
Cash and investments	-	36,980	131,005	212,054	168,258	15,352	232,775	796,424
<b>Total cash and investment assets - December 31</b>	<b>\$ 107,086</b>	<b>\$ 36,980</b>	<b>\$ 131,005</b>	<b>\$ 212,054</b>	<b>\$ 168,258</b>	<b>\$ 15,352</b>	<b>\$ 236,899</b>	<b>\$ 907,634</b>
<b>Cash and Investment Fund Balance - December 31</b>								
Restricted for:								
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,827	\$ 3,827
Public safety	-	-	-	-	-	-	1,097	1,097
Highways and streets	-	36,980	-	-	-	-	22,319	59,299
Sanitation	-	-	131,005	-	-	-	-	131,005
Culture and recreation	-	-	-	-	-	-	114,241	114,241
Economic development	-	-	-	212,054	-	-	10,570	222,624
Aviation	-	-	-	-	-	-	50,214	50,214
Debt service	-	-	-	-	-	-	8,533	8,533
Capital outlay	-	-	-	-	168,258	15,352	21,974	205,584
Unrestricted	107,086	-	-	-	-	-	4,124	111,210
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 107,086</b>	<b>\$ 36,980</b>	<b>\$ 131,005</b>	<b>\$ 212,054</b>	<b>\$ 168,258</b>	<b>\$ 15,352</b>	<b>\$ 236,899</b>	<b>\$ 907,634</b>

The notes to the financial statements are an integral part of this statement.

TOWN OF FRENCH LICK  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUND  
As of and for the Year Ended December 31, 2005

	Wastewater Utility
Operating receipts:	
Measured receipts and penalties	\$ 635,265
Other	44,468
Total operating receipts	679,733
Operating disbursements:	
Salaries and wages	133,489
Employee pensions and benefits	22,044
Purchased power	72,231
Sludge removal	40,890
Material and supplies	25,025
Contractual services	35,955
Insurance disbursements	42,452
Miscellaneous disbursements	97,064
Total operating disbursements	469,150
Excess of operating receipts over operating disbursements	210,583
Nonoperating receipts :	
Sale of assets	55,000
Interest and investment receipts	2,292
Debt service of principal	(62,253)
Interest and investment disbursement	(194,110)
Total nonoperating disbursements	(199,071)
Excess of receipts over disbursements and nonoperating receipts disbursements	11,512
Cash and investment fund balance - beginning	253,058
Cash and investment fund balance - ending	\$ 264,570
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 64,431
Restricted assets:	
Cash and investments	200,139
Total cash and investment assets - December 31	\$ 264,570
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Debt service	\$ 197,555
Capital outlay	2,584
Unrestricted	64,431
Total cash and investment fund balance - December 31	\$ 264,570

The notes to the financial statements are an integral part of this statement.

TOWN OF FRENCH LICK  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUND  
For The Year Ended December 31, 2005

	Agency Fund
Additions:	
Agency fund additions	\$ 447,753
Deductions:	
Agency fund deductions	447,283
Excess of total additions over total deductions	470
Cash and investment fund balance - beginning	2,977
Cash and investment fund balance - ending	\$ 3,447

The notes to the financial statements are an integral part of this statement.

TOWN OF FRENCH LICK  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2006

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 196,068	\$ 8,837	\$ 221,545	\$ -	\$ 34,314	\$ -	\$ 34,314
Public safety	332,038	2,541	-	-	(329,497)	-	(329,497)
Highways and streets	228,092	-	103,606	-	(124,486)	-	(124,486)
Sanitation	87,459	83,828	-	-	(3,631)	-	(3,631)
Economic development	416,412	2,400	392,877	-	(21,135)	-	(21,135)
Culture and recreation	68,087	4,905	20,984	-	(42,198)	-	(42,198)
Aviation	285,127	43,324	103,228	405,663	267,088	-	267,088
Interest on long-term debt	57,704	-	-	-	(57,704)	-	(57,704)
Total governmental activities	1,670,987	145,835	842,240	405,663	(277,249)	-	(277,249)
Business-type activities:							
Wastewater	661,526	644,238	-	-	-	(17,288)	(17,288)
Total primary government	\$ 2,332,513	\$ 790,073	\$ 842,240	\$ 405,663	(277,249)	(17,288)	(294,537)
General receipts:							
Property taxes					443,294	-	443,294
Unrestricted intergovernmental receipts					17,589	-	17,589
Riverboat revenue sharing					23,785	-	23,785
Gaming taxes					97,642	-	97,642
Proceeds from sale of assets					57,700	-	57,700
Insurance proceeds					1,603	-	1,603
Unrestricted investment earnings					3,088	3,082	6,170
Total general receipts					644,701	3,082	647,783
Change in net assets					367,452	(14,206)	353,246
Net assets - beginning					907,634	264,570	1,172,204
Net assets - ending					\$ 1,275,086	\$ 250,364	\$ 1,525,450
<u>Assets</u>							
Cash and investments					\$ 157,138	\$ 45,385	\$ 202,523
Restricted assets:							
Cash and investments					1,117,948	204,979	1,322,927
Total assets					\$ 1,275,086	\$ 250,364	\$ 1,525,450
<u>Net Assets</u>							
Restricted for:							
General government					\$ 32,801	\$ -	\$ 32,801
Public safety					1,434	-	1,434
Highways and streets					83,660	-	83,660
Sanitation					128,784	-	128,784
Culture and recreation					113,129	-	113,129
Economic development					278,148	-	278,148
Aviation					91,961	-	91,961
Debt service					8,533	204,979	213,512
Capital outlay					379,498	-	379,498
Unrestricted					157,138	45,385	202,523
Total net assets					\$ 1,275,086	\$ 250,364	\$ 1,525,450

The notes to the financial statements are an integral part of this statement.

TOWN OF FRENCH LICK  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2006

	General	Motor Vehicle Highway	Landfill	French Lick Revolving Loan	Economic Development Income Tax	Airport Capital Improvements	Aviation Grant	Other Governmental Funds	Totals
<b>Receipts:</b>									
Taxes	\$ 133,500	\$ 109,098	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,696	\$ 443,294
Intergovernmental	256,729	95,022	-	361,453	79,057	91,730	319,672	177,066	1,380,729
Charges for services	13,312	-	539	-	-	2,772	-	129,212	145,835
Other	61,890	688	-	-	-	122	-	5,881	68,581
<b>Total receipts</b>	<b>465,431</b>	<b>204,808</b>	<b>539</b>	<b>361,453</b>	<b>79,057</b>	<b>94,624</b>	<b>319,672</b>	<b>512,855</b>	<b>2,038,439</b>
<b>Disbursements:</b>									
General government	195,833	-	-	-	-	-	-	235	196,068
Public safety	282,821	-	-	-	32,427	-	-	129	315,377
Highways and streets	2,493	150,491	-	-	44,527	-	-	19,280	216,791
Sanitation	-	-	16,266	-	-	-	-	71,193	87,459
Culture and recreation	3,482	-	-	-	5,000	-	-	49,605	58,087
Economic development	-	-	-	301,500	79,059	-	-	35,853	416,412
Aviation	-	-	-	-	-	-	-	130,769	130,769
<b>Debt service:</b>									
Principal	16,661	11,301	-	-	-	15,133	-	10,000	53,095
Interest	1,500	2,404	-	-	-	11,002	-	42,798	57,704
<b>Capital outlay:</b>									
Aviation	-	-	-	-	-	69,570	69,655	-	139,225
<b>Total disbursements</b>	<b>502,790</b>	<b>164,196</b>	<b>16,266</b>	<b>301,500</b>	<b>161,013</b>	<b>95,705</b>	<b>69,655</b>	<b>359,862</b>	<b>1,670,987</b>
Excess (deficiency) of receipts over (under) disbursements	(37,359)	40,612	(15,727)	59,953	(81,956)	(1,081)	250,017	152,993	367,452
<b>Other financing sources (uses):</b>									
Transfers in	-	-	13,644	-	-	-	-	84,215	97,859
Transfers out	(14,771)	(5,555)	(1,955)	-	-	-	-	(75,578)	(97,859)
<b>Total other financing sources (uses)</b>	<b>(14,771)</b>	<b>(5,555)</b>	<b>11,689</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,637</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(52,130)	35,057	(4,038)	59,953	(81,956)	(1,081)	250,017	161,630	367,452
Cash and investment fund balance - beginning	107,086	36,980	131,005	212,054	168,258	15,352	-	236,899	907,634
Cash and investment fund balance - ending	<u>\$ 54,956</u>	<u>\$ 72,037</u>	<u>\$ 126,967</u>	<u>\$ 272,007</u>	<u>\$ 86,302</u>	<u>\$ 14,271</u>	<u>\$ 250,017</u>	<u>\$ 398,529</u>	<u>\$ 1,275,086</u>
<b>Cash and Investment Assets - December 31</b>									
Cash and investments	\$ 54,956	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,182	\$ 157,138
<b>Restricted assets:</b>									
Cash and investments	-	72,037	126,967	272,007	86,302	14,271	250,017	296,347	1,117,948
<b>Total cash and investment assets - December 31</b>	<b>\$ 54,956</b>	<b>\$ 72,037</b>	<b>\$ 126,967</b>	<b>\$ 272,007</b>	<b>\$ 86,302</b>	<b>\$ 14,271</b>	<b>\$ 250,017</b>	<b>\$ 398,529</b>	<b>\$ 1,275,086</b>
<b>Cash and Investment Fund Balance - December 31</b>									
<b>Restricted for:</b>									
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,801	\$ 32,801
Public safety	-	-	-	-	-	-	-	1,434	1,434
Highways and streets	-	72,037	-	-	-	-	-	11,623	83,660
Sanitation	-	-	126,967	-	-	-	-	1,817	128,784
Culture and recreation	-	-	-	-	-	-	-	113,129	113,129
Economic development	-	-	-	272,007	-	-	-	6,141	278,148
Aviation	-	-	-	-	-	-	-	91,961	91,961
Debt service	-	-	-	-	-	-	-	8,533	8,533
Capital outlay	-	-	-	-	86,302	14,271	250,017	28,908	379,498
Unrestricted	54,956	-	-	-	-	-	-	102,182	157,138
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 54,956</b>	<b>\$ 72,037</b>	<b>\$ 126,967</b>	<b>\$ 272,007</b>	<b>\$ 86,302</b>	<b>\$ 14,271</b>	<b>\$ 250,017</b>	<b>\$ 398,529</b>	<b>\$ 1,275,086</b>

The notes to the financial statements are an integral part of this statement.

TOWN OF FRENCH LICK  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUND  
As of and for the Year Ended December 31, 2006

	Wastewater Utility
Operating receipts:	
Measured receipts and penalties	\$ 488,405
Other	<u>155,833</u>
Total operating receipts	<u>644,238</u>
Operating disbursements:	
Salaries and wages	136,121
Employee pensions and benefits	19,432
Purchased power	79,375
Sludge removal	37,719
Material and supplies	22,845
Contractual services	51,124
Insurance disbursements	47,650
Miscellaneous disbursements	<u>7,450</u>
Total operating disbursements	<u>401,716</u>
Excess of operating receipts over operating disbursements	<u>242,522</u>
Nonoperating receipts (disbursements):	
Interest and investment receipts	3,082
Debt service of principal	(68,707)
Interest and investment disbursement	<u>(191,103)</u>
Total nonoperating disbursements	<u>(256,728)</u>
Deficiency of receipts over disbursements and nonoperating receipts disbursements	(14,206)
Cash and investment fund balance - beginning	<u>264,570</u>
Cash and investment fund balance - ending	<u><u>\$ 250,364</u></u>
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 45,385
Restricted assets:	
Cash and investments	<u>204,979</u>
Total cash and investment assets - December 31	<u><u>\$ 250,364</u></u>
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Debt service	\$ 204,979
Unrestricted	<u>45,385</u>
Total cash and investment fund balance - December 31	<u><u>\$ 250,364</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF FRENCH LICK  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUND  
For The Year Ended December 31, 2006

	<u>Agency Fund</u>
Additions:	
Agency fund additions	\$ 482,486
Deductions:	
Agency fund deductions	<u>479,938</u>
Excess of total additions over total deductions	2,548
Cash and investment fund balance - beginning	<u>3,447</u>
Cash and investment fund balance - ending	<u>\$ 5,995</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF FRENCH LICK  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, aviation, general administrative services, wastewater, and urban redevelopment and housing.

The Town's financial reporting entity is composed of the following:

Primary Government: Town of French Lick  
Blended Component Unit: French Lick Redevelopment Authority

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

The French Lick Redevelopment Authority, a blended component unit, has been omitted from these financial statements. Accordingly, the financial statements do not include the data of all of the Town's component units necessary to fairly present the financial position of the Town.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The motor vehicle highway fund accounts for street and roadway receipts and disbursements.

The landfill fund is the fund used to record receipts and disbursements for trash removal.

TOWN OF FRENCH LICK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The French Lick revolving loan fund accounts for loan activity to small businesses.

The economic development income tax fund is used to account for the revenue and disbursements of various capital projects.

The airport capital improvements fund and the aviation grant fund are used to account for grant revenue and expenditures for airport improvements.

The Town reports the following major proprietary fund:

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

Additionally, the Town reports the following fund types:

Agency funds account for assets held by the Town as an agent for other entities and serve as control of accounts for certain cash transactions during the time they are a liability to the Town.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating

TOWN OF FRENCH LICK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the Town's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

TOWN OF FRENCH LICK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the

TOWN OF FRENCH LICK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Disbursements in Excess of Appropriations

For the years ended December 31, 2005 and 2006, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2005	2006
Local Road and Street	\$ 8,439	\$ 1,780
Cumulative Capital Improvement	16,455	-
Community Center Lease	-	48
Totals	<u>\$ 24,894</u>	<u>\$ 1,828</u>

These disbursements were funded by available fund balances.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2005 and 2006, were as follows:

Transfer From	Transfer To	2005	2006
General Fund	Landfill	\$ 36,596	\$ -
	Economic Development Income Tax	37,369	-
	Other governmental	26,542	14,771
Motor Vehicle Highway	General Fund	388	-
	Landfill	20,780	-

TOWN OF FRENCH LICK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Transfer From	Transfer To	2005	2006
Landfill	Other governmental	-	1,955
Economic Development Income Tax	Other governmental	18,685	-
Other governmental	General Fund	22,060	-
	Motor Vehicle Highway	5,768	-
	Landfill	-	13,644
	Airport Capital Improvement	2,794	-
	Other governmental	30,802	61,934
Totals		<u>\$ 205,084</u>	<u>\$ 97,859</u>

The Town typically uses transfers for cash flow purposes as provided by various statutory provisions.

C. Restatements and Reclassifications

For the year ended December 31, 2004, certain changes have been made to the financial statements to more appropriately reflect financial activity of the Town. The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported December 31, 2004	Fund Reclassification	Balance as Restated January 1, 2005
Other governmental funds	\$ 250,212	\$ 18,730	\$ 268,942
Agency funds	21,707	(18,730)	2,977

IV. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk are.

Job Related Illnesses or Injuries to Employees

During 1998, the Town joined a public entity risk pool, the Indiana Public Employer's Plan, Inc., currently operating as a common risk management and insurance program for member governmental entities. This risk pool was formed in 1989 for the purpose of providing a medium for the funding and administration of workers compensation claims. The Town pays an annual premium to the risk pool for its job related illnesses or injuries to employees insurance coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

TOWN OF FRENCH LICK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Holding Corporation

The Town has entered into a capital lease with the French Lick Town Hall Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the government. Lease payments during the audit period totaled \$106,070.

C. Plan Commission Leases

On April 27, 2006, the Redevelopment Authority adopted resolutions 2006-03 and 2006-04 indicating its intent to issue French Lick Redevelopment Authority Lease Rental Revenue Bonds of 2006, Series A and B. The bond issues were for \$15,000,000 and were to be used for improvements to the wastewater treatment plant as well as for land and public improvements.

Also on April 27, 2006, the French Lick Redevelopment Authority entered into two twenty-year leases with the French Lick Redevelopment Commission. The rental payments to be paid by the Commission are \$1,993,369 per year in monthly installments beginning on June 30, 2007.

D. Loans Receivable – Indiana Department of Commerce

The Town established an Economic Development Revolving Loan Fund in 1988. This fund was created to promote the expansion of business and industry in the Town through low cost loans. The outstanding balance of these loans at December 31, 2006 is detailed below.

Recipient	Date of Loan	Purpose	Amount	Interest Rate	Yearly Payment	Outstanding Balance December 31, 2006
Jody's Restaurant	10-14-99	Acquisition/expansion	\$ 100,000	5.0%	\$ 11,099	\$ 47,566
Darrell W. Graham	12-15-05	Expansion	2,000,094	5.0%	42,000	132,942
Lane Motel, Inc.	03-02-95	Expansion	200,000	5.5%	22,804	5,650
Jasper Seating Co., INC.	02-11-02	Expansion	642,347	5.0%	87,682	339,263
Food Service Distributor	04-16-05	New business	116,394	5.3%	26,518	80,930
Tim Walls & Associates	11-16-04	New business	32,400	6.0%	9,131	16,494
Andis Logging	03-15-06	Business operations	150,000	6.0%	116,190	38,346
T-Berry's Café	06-26-06	Acquisition	136,074	6.0%	18,128	131,030
Special Occasions	06-21-04	Expansion	14,000	6.0%	1,639	11,850
Amanda Ellis Design & Consulting	07-20-05	New business	25,000	7.3%	5,976	18,776
Richard & Cinthia DBA Waren C.W. Concepts	08-15-05	New business	20,000	7.3%	4,781	15,434
Ashby Construction	08-29-05	Expansion	55,000	6.5%	6,616	51,083
Sheila A. Hendrix	06-17-06	New business	50,000	6.0%	6,661	50,000
Paoli Pizzeria	05-23-06	New business	51,500	7.0%	10,536	47,270
			<u>\$ 3,592,809</u>		<u>\$ 369,761</u>	<u>\$ 986,634</u>

E. Rate Structure – Enterprise Fund

Wastewater Utility

The current rate structure was approved by the Town Council on December 8, 2003.

TOWN OF FRENCH LICK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

F. Pension Plan

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 to participate in the 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 member's 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. The 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 plan members for PERF are established by the Board of Trustees of PERF. The Town's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the Town and the Utilities is not available.

Actuarial Information for the Above Plan

		PERF
Annual required contribution	\$	17,221
Interest on net pension obligation		(3,958)
Adjustment to annual required contribution		4,511
Annual pension cost		17,774
Contributions made		13,133
Increase in net pension obligation		4,641
Net pension obligation, beginning of year		(54,594)
Net pension obligation, end of year	\$	(49,953)

TOWN OF FRENCH LICK  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	PERF
Contribution rates:	
Town	3.5%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 10,191	128%	\$ 51,692
	06-30-05	11,628	125%	54,594
	06-30-06	17,774	113%	49,953

TOWN OF FRENCH LICK  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 304,416	\$ 252,759	\$ 51,657	120%	\$ 353,311	15%
07-01-05	316,179	305,342	10,837	104%	402,027	3%
07-01-06	531,118	316,990	214,128	168%	396,870	54%

TOWN OF FRENCH LICK  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005

	Local Road and Street	Park and Recreation	Enforcement Continuing Education	Airport Operating	Parking Meter	Maple Street Donation	Springs Valley Park Donation
Receipts:							
Taxes	\$ -	\$ 16,565	\$ -	\$ 52,933	\$ -	\$ -	\$ -
Intergovernmental	8,845	21,338	-	5,083	-	-	-
Charges for services	-	1,490	261	-	-	-	-
Other	-	789	-	-	-	499	7,283
<b>Total receipts</b>	<b>8,845</b>	<b>40,182</b>	<b>261</b>	<b>58,016</b>	<b>-</b>	<b>499</b>	<b>7,283</b>
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	1,498	-	-	-	-
Highways and streets	23,440	-	-	-	-	-	-
Culture and recreation	-	34,913	-	-	-	-	5,915
Economic development	-	-	-	-	-	-	-
Aviation	-	-	-	69,429	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Aviation	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>23,440</b>	<b>34,913</b>	<b>1,498</b>	<b>69,429</b>	<b>-</b>	<b>-</b>	<b>5,915</b>
Excess (deficiency) of receipts over (under) disbursements	(14,595)	5,269	(1,237)	(11,413)	-	499	1,368
Other financing sources (uses):							
Transfers in	8,440	3,300	-	11,123	-	-	-
Transfers out	-	(825)	-	(2,871)	-	-	-
<b>Total other financing sources (uses)</b>	<b>8,440</b>	<b>2,475</b>	<b>-</b>	<b>8,252</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(6,155)	7,744	(1,237)	(3,161)	-	499	1,368
Cash and investment fund balance - beginning	28,474	17,165	2,057	17,514	113	47	5,474
Cash and investment fund balance - ending	<u>\$ 22,319</u>	<u>\$ 24,909</u>	<u>\$ 820</u>	<u>\$ 14,353</u>	<u>\$ 113</u>	<u>\$ 546</u>	<u>\$ 6,842</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	22,319	24,909	820	14,353	113	546	6,842
<b>Total cash and investment assets - December 31</b>	<u>\$ 22,319</u>	<u>\$ 24,909</u>	<u>\$ 820</u>	<u>\$ 14,353</u>	<u>\$ 113</u>	<u>\$ 546</u>	<u>\$ 6,842</u>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ 113	\$ 546	\$ -
Public safety	-	-	820	-	-	-	-
Highways and streets	22,319	-	-	-	-	-	-
Culture and recreation	-	24,909	-	-	-	-	6,842
Economic development	-	-	-	-	-	-	-
Aviation	-	-	-	14,353	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 22,319</u>	<u>\$ 24,909</u>	<u>\$ 820</u>	<u>\$ 14,353</u>	<u>\$ 113</u>	<u>\$ 546</u>	<u>\$ 6,842</u>

TOWN OF FRENCH LICK  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	Aviation Revolving Gasoline	K-9 Fund Donation	Hunter's Run Park	Disaster Fund	French Lick Donation	French Lick Community Center	French Lick Revolving Loan Recipient
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	5,999	-	-	29,640
Charges for services	-	-	-	-	-	4,765	-
Other	-	-	-	-	200	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,999</b>	<b>200</b>	<b>4,765</b>	<b>29,640</b>
Disbursements:							
General government	-	-	177	-	618	-	-
Public safety	-	-	-	231	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	28,265
Aviation	58,496	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Aviation	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>58,496</b>	<b>-</b>	<b>177</b>	<b>231</b>	<b>618</b>	<b>-</b>	<b>28,265</b>
Excess (deficiency) of receipts over (under) disbursements	(58,496)	-	(177)	5,768	(418)	4,765	1,375
Other financing sources (uses):							
Transfers in	30,418	-	-	-	-	-	-
Transfers out	-	(2,735)	-	(5,768)	-	-	-
<b>Total other financing sources (uses)</b>	<b>30,418</b>	<b>(2,735)</b>	<b>-</b>	<b>(5,768)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(28,078)	(2,735)	(177)	-	(418)	4,765	1,375
Cash and investment fund balance - beginning	30,038	2,735	177	-	-	12,723	9,195
Cash and investment fund balance - ending	<u>\$ 1,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (418)</u>	<u>\$ 17,488</u>	<u>\$ 10,570</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ (418)	\$ -	\$ -
Restricted assets:							
Cash and investments	1,960	-	-	-	-	17,488	10,570
<b>Total cash and investment assets - December 31</b>	<u>\$ 1,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (418)</u>	<u>\$ 17,488</u>	<u>\$ 10,570</u>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	17,488	-
Economic development	-	-	-	-	-	-	10,570
Aviation	1,960	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	(418)	-	-
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 1,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (418)</u>	<u>\$ 17,488</u>	<u>\$ 10,570</u>

TOWN OF FRENCH LICK  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	Aviation Hanger Rental Depreciation	Community Center Lease	Bond and Interest	Cumulative Capital Improvement	Municipal Airport Fuel	French Lick Promenade
Receipts:						
Taxes	\$ -	\$ 49,506	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	4,723	-	7,872	-	-
Charges for services	308	-	-	-	44,981	-
Other	22	-	-	-	-	-
<b>Total receipts</b>	<b>330</b>	<b>54,229</b>	<b>-</b>	<b>7,872</b>	<b>44,981</b>	<b>-</b>
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Aviation	-	-	-	-	-	-
Debt service:						
Principal	-	10,000	-	-	-	-
Interest	-	43,272	-	-	-	-
Capital outlay:						
Aviation	-	-	-	31,455	-	-
<b>Total disbursements</b>	<b>-</b>	<b>53,272</b>	<b>-</b>	<b>31,455</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over (under) disbursements	330	957	-	(23,583)	44,981	-
Other financing sources (uses):						
Transfers in	-	-	-	25,664	-	-
Transfers out	(77)	-	-	-	(30,418)	-
<b>Total other financing sources (uses)</b>	<b>(77)</b>	<b>-</b>	<b>-</b>	<b>25,664</b>	<b>(30,418)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	253	957	-	2,081	14,563	-
Cash and investment fund balance - beginning	8,570	64,045	8,533	19,893	10,515	1,526
Cash and investment fund balance - ending	<u>8,823</u>	<u>65,002</u>	<u>8,533</u>	<u>21,974</u>	<u>25,078</u>	<u>1,526</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	8,823	65,002	8,533	21,974	25,078	1,526
<b>Total cash and investment assets - December 31</b>	<u>8,823</u>	<u>65,002</u>	<u>8,533</u>	<u>21,974</u>	<u>25,078</u>	<u>1,526</u>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,526
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	65,002	-	-	-	-
Economic development	-	-	-	-	-	-
Aviation	8,823	-	-	-	25,078	-
Debt service	-	-	8,533	-	-	-
Capital outlay	-	-	-	21,974	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<u>8,823</u>	<u>65,002</u>	<u>8,533</u>	<u>21,974</u>	<u>25,078</u>	<u>1,526</u>

TOWN OF FRENCH LICK  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	French Lick Tourism	Unsafe Premises	Rainy Day Fund	Casino Expense	Levy Excess	Totals
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,004
Intergovernmental	-	-	-	-	-	83,500
Charges for services	-	-	-	-	-	51,805
Other	1,700	-	-	-	-	10,493
<b>Total receipts</b>	<b>1,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>264,802</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	795
Public safety	-	300	-	-	-	2,029
Highways and streets	-	-	-	-	-	23,440
Culture and recreation	-	-	-	-	-	40,828
Economic development	6,737	-	-	4	-	35,006
Aviation	-	-	-	-	-	127,925
Debt service:						
Principal	-	-	-	-	-	10,000
Interest	-	-	-	-	-	43,272
Capital outlay:						
Aviation	-	-	-	-	-	31,455
<b>Total disbursements</b>	<b>6,737</b>	<b>300</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>314,750</b>
Excess (deficiency) of receipts over (under) disbursements	(5,037)	(300)	-	(4)	-	(49,948)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	384	79,329
Transfers out	-	-	-	-	(18,730)	(61,424)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,346)</b>	<b>17,905</b>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(5,037)	(300)	-	(4)	(18,346)	(32,043)
Cash and investment fund balance - beginning	6,295	577	4,542	4	18,730	268,942
Cash and investment fund balance - ending	<u>1,258</u>	<u>277</u>	<u>4,542</u>	<u>-</u>	<u>384</u>	<u>236,899</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ -	\$ -	\$ 4,542	\$ -	\$ -	\$ 4,124
Restricted assets:						
Cash and investments	1,258	277	-	-	384	232,775
<b>Total cash and investment assets - December 31</b>	<u>\$ 1,258</u>	<u>\$ 277</u>	<u>\$ 4,542</u>	<u>\$ -</u>	<u>\$ 384</u>	<u>\$ 236,899</u>
<b>Cash and Investment Fund Balance - December 31</b>						
<b>Restricted for:</b>						
General government	\$ 1,258	\$ -	\$ -	\$ -	\$ 384	\$ 3,827
Public safety	-	277	-	-	-	1,097
Highways and streets	-	-	-	-	-	22,319
Culture and recreation	-	-	-	-	-	114,241
Economic development	-	-	-	-	-	10,570
Aviation	-	-	-	-	-	50,214
Debt service	-	-	-	-	-	8,533
Capital outlay	-	-	-	-	-	21,974
Unrestricted	-	-	4,542	-	-	4,124
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 1,258</u>	<u>\$ 277</u>	<u>\$ 4,542</u>	<u>\$ -</u>	<u>\$ 384</u>	<u>\$ 236,899</u>

TOWN OF FRENCH LICK  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006

	Local Road and Street	Park and Recreation	Enforcement Continuing Education	Airport Operating	Parking Meter	Maple Street Donation
<b>Receipts:</b>						
Taxes	\$ -	\$ 52,325	\$ -	\$ 123,678	\$ -	\$ -
Intergovernmental	8,584	18,331	-	11,498	-	-
Charges for services	-	2,170	466	-	-	-
Other	-	2,101	-	-	-	-
<b>Total receipts</b>	<b>8,584</b>	<b>74,927</b>	<b>466</b>	<b>135,176</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	71
Public safety	-	-	129	-	-	-
Highways and streets	19,280	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	48,116	-	-	-	-
Economic development	-	-	-	-	-	-
Aviation	-	-	-	98,094	-	-
<b>Debt service:</b>						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total disbursements</b>	<b>19,280</b>	<b>48,116</b>	<b>129</b>	<b>98,094</b>	<b>-</b>	<b>71</b>
Excess (deficiency) of receipts over (under) disbursements	(10,696)	26,811	337	37,082	-	(71)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	(4,322)	-	(3,267)	-	(475)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(4,322)</b>	<b>-</b>	<b>(3,267)</b>	<b>-</b>	<b>(475)</b>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(10,696)	22,489	337	33,815	-	(546)
Cash and investment fund balance - beginning	22,319	24,909	820	14,353	113	546
Cash and investment fund balance - ending	<u>\$ 11,623</u>	<u>\$ 47,398</u>	<u>\$ 1,157</u>	<u>\$ 48,168</u>	<u>\$ 113</u>	<u>\$ -</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	11,623	47,398	1,157	48,168	113	-
<b>Total cash and investment assets - December 31</b>	<u>\$ 11,623</u>	<u>\$ 47,398</u>	<u>\$ 1,157</u>	<u>\$ 48,168</u>	<u>\$ 113</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - December 31</b>						
<b>Restricted for:</b>						
General government	\$ -	\$ -	\$ -	\$ -	\$ 113	\$ -
Public safety	-	-	1,157	-	-	-
Highways and streets	11,623	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	47,398	-	-	-	-
Economic development	-	-	-	-	-	-
Aviation	-	-	-	48,168	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 11,623</u>	<u>\$ 47,398</u>	<u>\$ 1,157</u>	<u>\$ 48,168</u>	<u>\$ 113</u>	<u>\$ -</u>

TOWN OF FRENCH LICK  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Springs Valley Park Donation	Aviation Revolving Gasoline	Landfill Nonreverting	French Lick Donation	French Lick Community Center	French Lick Revolving Loan Recipient
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	31,424
Charges for services	-	-	83,289	-	2,735	-
Other	3,660	-	65	-	-	-
<b>Total receipts</b>	<b>3,660</b>	<b>-</b>	<b>83,354</b>	<b>-</b>	<b>2,735</b>	<b>31,424</b>
Disbursements:						
General government	-	-	-	162	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	71,193	-	-	-
Culture and recreation	1,489	-	-	-	-	-
Economic development	-	-	-	-	-	35,853
Aviation	-	32,616	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,489</b>	<b>32,616</b>	<b>71,193</b>	<b>162</b>	<b>-</b>	<b>35,853</b>
Excess (deficiency) of receipts over (under) disbursements	2,171	(32,616)	12,161	(162)	2,735	(4,429)
Other financing sources (uses):						
Transfers in	-	53,115	-	580	-	-
Transfers out	-	(1,000)	(10,344)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>52,115</b>	<b>(10,344)</b>	<b>580</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,171	19,499	1,817	418	2,735	(4,429)
Cash and investment fund balance - beginning	6,842	1,960	-	(418)	17,488	10,570
Cash and investment fund balance - ending	<u>\$ 9,013</u>	<u>\$ 21,459</u>	<u>\$ 1,817</u>	<u>\$ -</u>	<u>\$ 20,223</u>	<u>\$ 6,141</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	9,013	21,459	1,817	-	20,223	6,141
<b>Total cash and investment assets - December 31</b>	<u>\$ 9,013</u>	<u>\$ 21,459</u>	<u>\$ 1,817</u>	<u>\$ -</u>	<u>\$ 20,223</u>	<u>\$ 6,141</u>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	1,817	-	-	-
Culture and recreation	9,013	-	-	-	20,223	-
Economic development	-	-	-	-	-	6,141
Aviation	-	21,459	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 9,013</u>	<u>\$ 21,459</u>	<u>\$ 1,817</u>	<u>\$ -</u>	<u>\$ 20,223</u>	<u>\$ 6,141</u>

TOWN OF FRENCH LICK  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Aviation Hanger Rental <u>Depreciation</u>	Community Center Lease	Bond and Interest	Cumulative Capital Improvement	Municipal Airport Fuel	French Lick Promenade
Receipts:						
Taxes	\$ -	\$ 24,693	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	2,653	-	6,934	-	-
Charges for services	308	-	-	-	40,244	-
Other	55	-	-	-	-	-
<b>Total receipts</b>	<b>363</b>	<b>27,346</b>	<b>-</b>	<b>6,934</b>	<b>40,244</b>	<b>-</b>
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Aviation	-	-	-	-	59	-
Debt service:						
Principal	-	10,000	-	-	-	-
Interest	-	42,798	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>52,798</b>	<b>-</b>	<b>-</b>	<b>59</b>	<b>-</b>
Excess (deficiency) of receipts over (under) disbursements	363	(25,452)	-	6,934	40,185	-
Other financing sources (uses):						
Transfers in	1,000	-	-	-	-	-
Transfers out	-	(3,055)	-	-	(53,115)	-
<b>Total other financing sources (uses)</b>	<b>1,000</b>	<b>(3,055)</b>	<b>-</b>	<b>-</b>	<b>(53,115)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,363	(28,507)	-	6,934	(12,930)	-
Cash and investment fund balance - beginning	8,823	65,002	8,533	21,974	25,078	1,526
Cash and investment fund balance - ending	<u>\$ 10,186</u>	<u>\$ 36,495</u>	<u>\$ 8,533</u>	<u>\$ 28,908</u>	<u>\$ 12,148</u>	<u>\$ 1,526</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	10,186	36,495	8,533	28,908	12,148	1,526
<b>Total cash and investment assets - December 31</b>	<u>\$ 10,186</u>	<u>\$ 36,495</u>	<u>\$ 8,533</u>	<u>\$ 28,908</u>	<u>\$ 12,148</u>	<u>\$ 1,526</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,526
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	36,495	-	-	-	-
Economic development	-	-	-	-	-	-
Aviation	10,186	-	-	-	12,148	-
Debt service	-	-	8,533	-	-	-
Capital outlay	-	-	-	28,908	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 10,186</u>	<u>\$ 36,495</u>	<u>\$ 8,533</u>	<u>\$ 28,908</u>	<u>\$ 12,148</u>	<u>\$ 1,526</u>

TOWN OF FRENCH LICK  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	French Lick Tourism	Unsafe Premises	Rainy Day Fund	Casino Expense	Levy Excess	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,696
Intergovernmental	-	-	-	97,642	-	177,066
Charges for services	-	-	-	-	-	129,212
Other	-	-	-	-	-	5,881
Total receipts	-	-	-	97,642	-	512,855
Disbursements:						
General government	-	-	-	2	-	235
Public safety	-	-	-	-	-	129
Highways and streets	-	-	-	-	-	19,280
Sanitation	-	-	-	-	-	71,193
Culture and recreation	-	-	-	-	-	49,605
Economic development	-	-	-	-	-	35,853
Aviation	-	-	-	-	-	130,769
Debt service:						
Principal	-	-	-	-	-	10,000
Interest	-	-	-	-	-	42,798
Total disbursements	-	-	-	2	-	359,862
Excess (deficiency) of receipts over (under) disbursements	-	-	-	97,640	-	152,993
Other financing sources (uses):						
Transfers in	-	-	-	-	29,520	84,215
Transfers out	-	-	-	-	-	(75,578)
Total other financing sources (uses)	-	-	-	-	29,520	8,637
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	-	-	-	97,640	29,520	161,630
Cash and investment fund balance - beginning	1,258	277	4,542	-	384	236,899
Cash and investment fund balance - ending	<u>\$ 1,258</u>	<u>\$ 277</u>	<u>\$ 4,542</u>	<u>\$ 97,640</u>	<u>\$ 29,904</u>	<u>\$ 398,529</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ 4,542	\$ 97,640	\$ -	\$ 102,182
Restricted assets:						
Cash and investments	1,258	277	-	-	29,904	296,347
Total cash and investment assets - December 31	<u>\$ 1,258</u>	<u>\$ 277</u>	<u>\$ 4,542</u>	<u>\$ 97,640</u>	<u>\$ 29,904</u>	<u>\$ 398,529</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
General government	\$ 1,258	\$ -	\$ -	\$ -	\$ 29,904	\$ 32,801
Public safety	-	277	-	-	-	1,434
Highways and streets	-	-	-	-	-	11,623
Sanitation	-	-	-	-	-	1,817
Culture and recreation	-	-	-	-	-	113,129
Economic development	-	-	-	-	-	6,141
Aviation	-	-	-	-	-	91,961
Debt service	-	-	-	-	-	8,533
Capital outlay	-	-	-	-	-	28,908
Unrestricted	-	-	4,542	97,640	-	102,182
Total cash and investment fund balance - December 31	<u>\$ 1,258</u>	<u>\$ 277</u>	<u>\$ 4,542</u>	<u>\$ 97,640</u>	<u>\$ 29,904</u>	<u>\$ 398,529</u>

TOWN OF FRENCH LICK  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 90,000
Infrastructure	5,241,739
Buildings	3,650,000
Improvements other than buildings	5,000
Machinery and equipment	75,000
Construction in progress	10,000,000
Total governmental activities, capital assets not being depreciated	\$ 19,061,739

	Ending Balance
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	12,607
Construction in progress	1,549,231
Buildings	4,104,360
Improvements other than buildings	4,840,261
Machinery and equipment	189,274
Total Wastewater Utility capital assets	10,695,733

TOWN OF FRENCH LICK  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Street sweeper	\$ 23,539	\$ 12,051
Town hall	895,000	11,000
Notes and loans payable	174,310	22,158
Total governmental activities long-term debt	\$ 1,092,849	\$ 45,209
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
1993 Sewage Works Improvement Revenue Bonds	\$ 607,000	\$ 11,000
1998 Sewage Works Improvement Revenue Bonds	3,500,000	50,000
Total business-type activities long-term debt	\$ 4,107,000	\$ 61,000

TOWN OF FRENCH LICK  
AUDIT RESULTS AND COMMENTS

CONDITION OF RECORDS

The following posting errors were found during the audit:

1. Distribution of payroll was not always posted to the proper expense classifications. There is an appropriation for the police chief salary and for police officers salary. The postings to these appropriations were not consistent from week to week. There is also an expense classification for sewage salary of plant employees and sewage salary of office employees and town council. The postings to these appropriations were not consistent from week to week.
2. Payroll transfers did not always agree with amounts required to be transferred from the various funds. The Motor Vehicle Highway Fund owes the payroll fund \$450. The payroll fund owes the Wastewater Utility Operating Fund \$1,755.
3. An error was found in the posting of tax distributions. The June 2006 CVET tax distribution was posted to the Park and Recreation Fund for \$525 and the General Fund for \$20. The breakdown of the tax distribution should have been posted as follows:

General	\$ 164.12
Motor Vehicle Highway	134.12
Community Center Lease	30.38
Airport Operating	152.05
Park and Recreation	64.33

4. The \$21,517.50 payment made in July 2005 for the Community Building Lease was made from the Sewer Sinking Fund instead of the Community Building Lease Fund.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DEPOSITS

During the review of receipts, seven instances were identified in which state and local funds were deposited later than the next business day.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

TOWN OF FRENCH LICK  
AUDIT RESULTS AND COMMENTS  
(Continued)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Local Road and Street	2005	\$ 8,439
Local Road and Street	2006	1,780
Cumulative Capital Improvement	2005	16,455
Community Center Lease	2006	48

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

DISTRIBUTION OF GROSS REVENUES TO THE VARIOUS FUNDS

As stated in the prior Report B25988, gross revenues were not being distributed to the various utility funds in accordance with Revenue Bond Ordinance 97-7. The total amount required to be on hand in the Debt Service Reserve Fund and the Bond and Interest Fund as of December 31, 2006, was \$335,125. The actual balance in those accounts was \$183,461. The amount unfunded as of December 31, 2006, is \$151,664.

In prior years, sufficient cash flows were not available in the Utility Operating Fund to make the required transfer.

Town officials were instructed to make the necessary transfers so that the fund balances are sufficient to cover the amounts required by Ordinance 97-7.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ORDINANCES AND RESOLUTIONS

The Town has a lease agreement with the French Lick Town Hall Building Corporation. The agreement states the amount of the lease payment due each year. The Town has been paying a lesser amount each year. As of December 31, 2006, the Town owes the holding corporation \$9,237.50 for prior years lease payments.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF FRENCH LICK  
AUDIT RESULTS AND COMMENTS  
(Continued)

SALARY ORDINANCES AND RESOLUTIONS

The following discrepancies were noted during the review of payroll:

1. The salary ordinance indicates the Office Clerk will be paid from the Sewage Fund. However, one half of the salary was paid from the Sewage Fund and one half was paid from the Landfill Fund.
2. The Board minutes indicated that 57 hours of overtime would be paid to the Police Chief, but 70.75 hours were actually paid.
3. The Revolving Loan Director was paid \$739.38 more than the salary ordinance, as a result of overtime.
4. The Office Manager received a raise of 75 cents an hour in February. There is a resolution for the office manager's pay raise, but it has no date and it does not indicate when the raise was to become effective.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TRANSFER OF TOWN FUNDS

At the end of the 2005 calendar year, the Town transferred the following funds without passing an ordinance or resolution:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2005</u>
General Fund	Economic Development Income Tax	\$ 37,369
General Fund	Landfill	36,596
General Fund	Airport Operating	8,123
General Fund	Cumulative Capital Improvement	18,419
Motor Vehicle Highway	Landfill	<u>20,780</u>
Total		<u>\$ 121,287</u>

Town officials were instructed to repay the transfers listed above to be in compliance with Indiana Code 36-5-4-13.

TOWN OF FRENCH LICK  
AUDIT RESULTS AND COMMENTS  
(Continued)

Indiana Code 36-5-4-13(b) states in part:

". . . this subsection applies to a town having a population of more than five hundred (500) but less than two thousand (2,000). Notwithstanding IC 8-14-1 and IC 8-14-2, a town may transfer money distributed to the town from:

- (1) the motor vehicle highway account under IC 8-14-1;
- (2) the local road and street account under IC 8-14-2; or
- (3) the:
  - (A) motor vehicle highway account under IC 8-14-1; and
  - (B) local road and street account under IC 8-14-2; to any other town fund after the passage of an ordinance or a resolution by the town legislative body that specifies the amount of the transfer, the funds involved, the date of the transfer, and the general purpose of the transfer. However, the total amount of all money transferred by a town under this subsection may not exceed forty thousand dollars (\$40,000)."

DEPOSITS – AVIATION

As stated in the prior Report B25988, receipts of state and local funds were deposited later than the next business day. During the audit period, deposits were only made a total of 14 times.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

RECEIPT ISSUANCE - AVIATION

On at least four occasions receipts were not issued. On two occasions the deposits were less than the receipts. The total difference of \$66.79 was deposited by Nick Goodman, Airport Manager, during August of 2007.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF FRENCH LICK  
AUDIT RESULTS AND COMMENTS  
(Continued)

COLLECTION OF AMOUNTS DUE – AVIATION

On December 31, 2006, \$13,020 in hanger rental fees was owed to the Town's airport from past due accounts.

Each month the Airport Manager completes a revenue report. The report includes the gallons of aviation fuel sold. It also includes a stick reading of fuel in the tanks. The stick reading is converted into gallons of fuel used. The gallons of fuel sold should agree with the gallons of fuel used. During 2006, 940 gallons of Jet A fuel were shown as used that were not sold.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF FRENCH LICK, ORANGE COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of French Lick (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2006. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2006-1.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A control deficiency in a Town's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The Town's response to the findings identified in our audit are described in the accompanying Official Response section of the report. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, town council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 24, 2007

TOWN OF FRENCH LICK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended December 31, 2005 and 2006

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-05	Total Federal Awards Expended 12-31-06
<u>U.S. DEPARTMENT OF COMMERCE</u>				
Direct Grant				
Public Works and Economic Development Cluster Economic Adjustment Assistance	11.307	06-019-02187	\$ 945,942	\$ 975,475
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Direct Grant				
Airport Improvement Program	20.106	3-18-0027-0404	166,500	77,400
		3-18-0027-0506	-	333,317
Total for federal grantor agency			<u>166,500</u>	<u>410,717</u>
Total federal awards expended			<u>\$ 1,112,442</u>	<u>\$ 1,386,192</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF FRENCH LICK  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of French Lick (Town) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of Towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF FRENCH LICK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.106	Public Works and Economic Development Cluster Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

TOWN OF FRENCH LICK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2006-1, CASH MANAGEMENT

Federal Agency: Department of Transportation  
Federal Program: Airport Improvement Program  
CFDA Number: 20.106  
Federal Award Number: 3-18-0027-0404 and 3-18-0027-0506

The Airport Improvement Program Grants received by the Town of French Lick required a local matching of 2.25%.

During the prior audit period, airport funds were not readily available to pay the local matching share. An invoice dated November 22, 2004, for \$11,905.20 was not paid in full until October 13, 2005.

The following list indicates the date that federal funds were received and the date the funds were disbursed:

GRANT	DATE RECEIVED	AMOUNT	DATE DISBURSED	DAYS HELD
AIP 3-18-0027-0404	01-05-05	\$ 254,694	03-07-05	61
AIP 3-18-0027-0404	02-22-05	106,173	03-02-05	8
AIP 3-18-0027-0404	03-17-05	5,622	03-21-05	4
AIP 3-18-0027-0404	05-24-05	4,888	06-06-05	13
AIP 3-18-0027-0404	05-24-05	10,450	07-11-05	48
AIP 3-18-0027-0404	06-15-05	4,875	07-11-05	26
AIP 3-18-0027-0404	07-22-05	121,863	08-01-05	10
AIP 3-18-0027-0404	10-19-05	4,185	10-28-05	9
AIP 3-18-0027-0404	01-11-06	7,313	02-01-06	21
AIP 3-18-0027-0404	02-01-06	7,315	02-01-06	0
AIP 3-18-0027-0404	03-22-06	4,560	03-22-06	0
AIP 3-18-0027-0404	05-25-06	2,612	06-13-06	19
AIP 3-18-0027-0404	08-25-06	4,513	08-30-06	5
AIP 3-18-0027-0404	10-20-06	14,250	10-24-06	4
AIP 3-18-0027-0404	11-09-06	13,300	11-14-06	5
AIP 3-18-0027-0404	11-21-06	950	11-20-06	(1)
AIP 3-18-0027-0404	12-31-06	37,215	01-12-07	12
AIP 3-18-0027-0506	11-20-06	11,336	12-04-06	14
AIP 3-18-0027-0506	12-31-06	212,801	01-12-07	12

When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. 49 CFR 18.21 states in part: "(b) Basic standard. Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205."

Failure to adhere to these requirements could cause the unit to be deemed ineligible to receive federal awards in the future.

We recommended that the unit design and properly monitor procedures that would ensure that federal funds are disbursed in a timely manner and that local matching funds are readily available.

# *Town of French Lick*

8587 W. Main Street  
French Lick, Indiana 47432-1000

## **BOARD OF TRUSTEES**

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*Telephone: (812) 936-4737*  
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Finding Number 2004-02

Original SBA Audit Report Number: B25988  
Fiscal Year: January 1, 2003 to December 31, 2004  
Auditee Contact Person: Dave Harner  
Title of Contact Person: Clerk-Treasurer  
Phone Number: 812.936.4737

According to the letter received June 26, 2006, The Federal Aviation Administration considered the proposed corrective actions on the above listed audit report as adequate to address the audit report finding.



Dave Harner  
Clerk-Treasurer  
Town of French Lick

# ***Town of French Lick***

8587 W. Main Street  
French Lick, Indiana 47432-1000

## **BOARD OF TRUSTEES**

William E. Ratliff  
Marlene J. Noble  
Barry M. Winger

## **CLERK TREASURER**

Dave Harner

*Incorporated May 2, 1857*  
*Telephone: (812) 936-4737*  
*Fax: (812) 936-7006*

Finding no. 2006-01, Cash Management and Matching

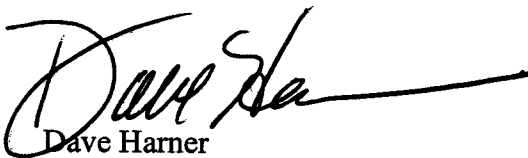
Federal Agency: Department of Transportatio  
Federal Program: Airport Improvement Program  
CFDA Number 20.106  
Federal Award Number: 3-18-0027-0404 and 3-18-0027-0506

This letter is to advise of the progress made since the finding of the FAA on June 26, 2006. At that time we had listed corrective actions and implemented steps to resolve the issue at hand.

Prior to that finding, the average number of days that funds were received, then distributed was 22.2 days. Since the finding, the average number of days is at 7.1. While this is not a satisfactory time period for disbursement, we have moved in the right direction.

I will cite some issues wherein our AP clerk was out of the office at year end on an extended vacation at the end of 2006. While this is not an acceptable reason for failure to disburse, it is, nonetheless the reason for the 3 greatest violations.

We have since resolved that issue by training our other office assistant to proceed in the absence of the AP Clerk, which has proved successful in resolving remaining issues.



Dave Harner  
Clerk-Treasurer  
Town of French Lick

TOWN OF FRENCH LICK  
EXIT CONFERENCE

The contents of this report were discussed on September 24, 2007, with Marlene J. Noble, President of the Town Council; and Dave Harner, Clerk-Treasurer. The officials concurred with our audit findings.

Portions of this report were also discussed on September 10, 2007, with John M. Duncan, Secretary of the Board of Aviation Commissioners; and Nicholas Goodman, Airport Manager.