

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

ANNUAL FINANCIAL REPORT

2009

TOWN OF CLARKSVILLE

CLARK COUNTY, INDIANA



FILED
09/30/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Gary P. Hall	01-01-08 to 12-31-11
President of the Town Council	Gregory L. Isgrigg	01-01-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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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 CLARKSVILLE, CLARK 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 Clarksville (Town), as of and for the year ended December 31, 2009, 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.

In our opinion, 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, 2009, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated August 30, 2010, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. 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 Town has not presented Management's Discussion and Analysis, Budgetary Comparison Schedules, or Schedules of Funding Progress 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, 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 Long-Term Debt has 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 it.

STATE BOARD OF ACCOUNTS

August 30, 2010



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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 CLARKSVILLE, CLARK 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 Clarksville (Town), as of and for the year ended December 31, 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated August 30, 2010. 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.

This report is intended solely for the information and use of 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

August 30, 2010

TOWN OF CLARKSVILLE
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2009

Functions/Programs	Disbursements	Program Receipts	Net (Disbursement) Receipt and Changes in Net Assets		
			Primary Government		
			Charges for Services	Governmental Activities	Business-Type Activities
Primary government:					
Governmental activities:					
General government	\$ 2,582,052	\$ 124,328	\$ (2,457,724)	\$ -	\$ (2,457,724)
Public safety	8,908,670	42,325	(8,866,345)	-	(8,866,345)
Highways and streets	2,391,458	-	(2,391,458)	-	(2,391,458)
Sanitation	1,076,973	-	(1,076,973)	-	(1,076,973)
Economic development	7,901,481	-	(7,901,481)	-	(7,901,481)
Culture and recreation	2,524,928	1,010,846	(1,514,082)	-	(1,514,082)
Principal and interest on indebtedness	1,239,670	-	(1,239,670)	-	(1,239,670)
Total governmental activities	26,625,232	1,177,499	(25,447,733)	-	(25,447,733)
Business-type activities:					
Wastewater Utility	5,772,635	4,408,370	-	(1,364,265)	(1,364,265)
Total primary government	\$ 32,397,867	\$ 5,585,869	(25,447,733)	(1,364,265)	(26,811,998)
General receipts:					
Property taxes			17,466,532	-	17,466,532
Intergovernmental			8,225,451	-	8,225,451
Other local sources			371,330	-	371,330
Investment earnings			566,142	568,251	1,134,393
Total general receipts			26,629,455	568,251	27,197,706
Change in net assets			1,181,722	(796,014)	385,708
Net assets - beginning			28,539,969	4,292,725	32,832,694
Net assets - ending			\$ 29,721,691	\$ 3,496,711	\$ 33,218,402
Assets					
Cash and investments			\$ 15,068,503	\$ 2,805,284	\$ 17,873,787
Restricted assets:					
Cash and investments			14,653,188	691,427	15,344,615
Total assets			\$ 29,721,691	\$ 3,496,711	\$ 33,218,402
Net Assets					
Restricted for:					
Public safety			\$ 77,206	\$ -	\$ 77,206
Highways and streets			1,372,991	-	1,372,991
Culture and recreation			951,560	-	951,560
Debt service			464,106	691,427	1,155,533
Capital outlay			6,511,814	-	6,511,814
Other purposes			5,275,511	-	5,275,511
Unrestricted			15,068,503	2,805,284	17,873,787
Total net assets			\$ 29,721,691	\$ 3,496,711	\$ 33,218,402

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

TOWN OF CLARKSVILLE
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, 2009

	General	Firefighting	CEDIT Capital Projects	TIF Capital Project	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 4,060,628	\$ 3,324,697	\$ -	\$ 8,422,767	\$ 1,658,440	\$ 17,466,532
Licenses and permits	145,285	-	-	-	-	145,285
Intergovernmental	4,131,548	357,189	1,200,364	5,166	2,531,184	8,225,451
Charges for services	123,203	-	-	-	1,054,296	1,177,499
Fines and forfeits	47,591	-	-	-	110,364	157,955
Interfund loans	-	966,000	-	-	1,438,419	2,404,419
Other	114,640	19	-	-	372,737	487,396
Total receipts	8,622,895	4,647,905	1,200,364	8,427,933	7,165,440	30,064,537
Disbursements:						
General government	2,005,584	-	-	-	719,200	2,724,784
Public safety	5,059,534	3,575,175	-	-	109,716	8,744,425
Highways and streets	889,950	-	-	-	1,414,146	2,304,096
Sanitation	1,076,973	-	-	-	-	1,076,973
Economic development	-	-	682,550	547,979	-	1,230,529
Culture and recreation	5,839	-	-	-	2,196,658	2,202,497
Interfund loans	200,000	975,000	-	-	1,229,419	2,404,419
Debt service:						
Principal	-	-	-	602,828	195,000	797,828
Interest	-	-	-	428,972	12,870	441,842
Capital outlay:						
General government	-	-	-	-	610,432	610,432
Public safety	-	-	-	-	164,245	164,245
Highways and streets	831	-	-	-	86,531	87,362
Economic development	-	-	85,144	4,009,716	2,576,092	6,670,952
Culture and recreation	-	-	-	-	322,431	322,431
Total disbursements	9,238,711	4,550,175	767,694	5,589,495	9,636,740	29,782,815
Excess (deficiency) of receipts over disbursements	(615,816)	97,730	432,670	2,838,438	(2,471,300)	281,722
Other financing sources (uses):						
Transfers in	317,817	-	-	-	-	317,817
Transfers out	-	-	-	-	(317,817)	(317,817)
Other receipts	23,986	19,724	-	27,967	75,159	146,836
Total other financing sources (uses)	341,803	19,724	-	27,967	(242,658)	146,836
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(274,013)	117,454	432,670	2,866,405	(2,713,958)	428,558
Cash and investment fund balance - beginning	1,366,407	4,320	2,611,489	7,756,504	12,274,906	24,013,626
Cash and investment fund balance - ending	\$ 1,092,394	\$ 121,774	\$ 3,044,159	\$ 10,622,909	\$ 9,560,948	24,442,184
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:						
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.						
						5,279,507
Net assets of governmental activities						\$ 29,721,691
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,092,394	\$ 121,774	\$ -	\$ 10,622,909	\$ 3,227,430	\$ 15,064,507
Restricted assets:						
Cash and investments	-	-	3,044,159	-	6,333,518	9,377,677
Total cash and investment assets - ending	\$ 1,092,394	\$ 121,774	\$ 3,044,159	\$ 10,622,909	\$ 9,560,948	\$ 24,442,184
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 77,206	\$ 77,206
Highways and streets	-	-	-	-	1,372,991	1,372,991
Culture and recreation	-	-	-	-	951,560	951,560
Debt service	-	-	-	-	464,106	464,106
Capital outlay	-	-	3,044,159	-	3,467,655	6,511,814
Unrestricted	1,092,394	121,774	-	10,622,909	3,227,430	15,064,507
Total cash and investment fund balance - ending	\$ 1,092,394	\$ 121,774	\$ 3,044,159	\$ 10,622,909	\$ 9,560,948	\$ 24,442,184

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

TOWN OF CLARKSVILLE
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As Of And For The Year Ended December 31, 2009

	<u>Wastewater Utility</u>	<u>Internal Service Funds</u>
Operating receipts:		
Metered/measured	\$ 2,842,241	\$ -
Fees	1,039,041	-
Charges for services	-	134,698
Miscellaneous	<u>527,088</u>	<u>3,321,842</u>
 Total operating receipts	 <u>4,408,370</u>	 <u>3,456,540</u>
Operating disbursements:		
Salaries and wages	399,086	167,053
Employee pensions and benefits	30,874	-
Purchased power	12,361	-
Material and supplies	1,030,452	-
Contractual services	1,886,831	-
Insurance claims and expense	254,344	2,536,323
Refunds	998	-
Miscellaneous	<u>1,089,771</u>	<u>-</u>
 Total operating disbursements	 <u>4,704,717</u>	 <u>2,703,376</u>
 Excess (deficiency) of operating receipts over operating disbursements	 <u>(296,347)</u>	 <u>753,164</u>
Nonoperating receipts (disbursements):		
Investment income	568,251	-
Debt service of principal	(842,797)	-
Interest disbursements	<u>(225,121)</u>	<u>-</u>
 Total nonoperating disbursements	 <u>(499,667)</u>	 <u>-</u>
 Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	 <u>(796,014)</u>	 <u>753,164</u>
 Cash and investment fund balance - beginning	 <u>4,292,725</u>	 <u>4,526,343</u>
 Cash and investment fund balance - ending	 <u>\$ 3,496,711</u>	 <u>\$ 5,279,507</u>
 <u>Cash and Investment Assets - December 31</u>		
Cash and investments	\$ 2,805,284	\$ 3,996
Restricted assets:		
Cash and investments	<u>691,427</u>	<u>5,275,511</u>
 Total cash and investment assets - December 31	 <u>\$ 3,496,711</u>	 <u>\$ 5,279,507</u>
 <u>Cash and Investment Fund Balance - December 31</u>		
Restricted for:		
Debt service	\$ 691,427	\$ -
Other purposes	-	5,275,511
Unrestricted	<u>2,805,284</u>	<u>3,996</u>
 Total cash and investment fund balance - December 31	 <u>\$ 3,496,711</u>	 <u>\$ 5,279,507</u>

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

TOWN OF CLARKSVILLE
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2009

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Employer	\$ 541,280	
State	872,159	
Total contributions	1,413,439	
Deductions:		
Benefits	1,089,002	
Excess of total additions over total deductions	324,437	
Cash and investment fund balance - beginning	559,071	
Cash and investment fund balance - ending	\$ 883,508	\$ 178,010

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

TOWN OF CLARKSVILLE
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, culture and recreation, public improvements, planning and zoning, general administrative services, wastewater, storm water, trash, and urban redevelopment.

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

Primary Government: Town of Clarksville

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

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, 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 firefighting fund accounts for general property tax monies collected for fire protection and emergency services for citizens of the Town.

The CEDIT capital projects fund accounts for the Town's use of economic development income tax revenues.

The TIF capital projects fund accounts for the financial resources for public improvements and economic development within the tax increment finance (TIF) district.

TOWN OF CLARKSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Town reports the following major enterprise funds:

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

Additionally, the Town reports the following fund types:

Internal service funds provide health insurance and motor fuel to departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police officers' and 1937 fire-fighters' pension plans, which accumulate resources for pension benefit payments.

Agency funds account for assets held by the Town as an agent for Federal and State revenue agencies, other employee payroll withholdings, other state and local governments, other Town funds, and park customers. Agency funds serve as controls 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 and other charges between the Town and its enterprise funds. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds).

TOWN OF CLARKSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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.

When both restricted and unrestricted resources are available for use, the Town's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the Town in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which may become delinquent if not paid by May 10 and November 10, respectively.

4. 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.

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

TOWN OF CLARKSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

- 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."

Fund Financial Statements

Governmental and proprietary fund equity is classified as fund balance.

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.

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 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 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.
- 4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

TOWN OF CLARKSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Government-Wide Financial Statements

Interfund activity, if any, is 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 loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

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. Prior to November 1, 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 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.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. 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. IC 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 Town does not have a deposit policy for custodial credit risk. At December 31, 2009, the Town had deposit balances in the amount of \$34,381,887.

TOWN OF CLARKSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

2. Investments

Statutory Authorization for Investments

IC 5-13-9 authorizes the Town to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the Town to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the Town and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust have a stated final maturity of one day.

Additionally, the Town may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the Town's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2009, were as follows:

Transfer From	Transfer To	2009
Rainy day fund	General fund	\$ 317,817

TOWN OF CLARKSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Interest earned by the rainy day fund in prior years was transferred to the general fund.

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 and dependents; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

The Town has chosen to establish a risk financing fund for risks associated with Medical benefits for employees, retirees, and dependents. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. The Town purchases commercial insurance for claims in excess of coverage provided by the fund. Amounts are paid into the fund by insured funds and retirees and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based primarily upon the percentage of each fund's current year payroll and eligible retirees as they relate to total payroll, and are reported as quasi-external interfund transactions. Retirees pay into fund for dependents participating in the plan.

B. Other Postemployment Benefits

1. Self-Insurance Plan

The Town provides postemployment health insurance benefits to all employees who retire when eligible for 100% of applicable pension benefits under state statute. Retirees whose age makes them ineligible for coverage under the Federal Medicare program are covered by the Town's self-insurance plan. Currently thirty-four employees are participating. The Town pays 100% of the costs of participation in the Town's self-insurance plan until a retiree becomes eligible to participate in the Medicare program. The retiree pays for dependent participation.

2. Defined Contribution Healthcare Plan

Sterling Medicare Select Healthcare Plan is a defined contribution healthcare plan administered by Sterling Life Insurance Company. The plan provides supplemental Medicare benefits to eligible retirees and dependents. The contribution requirements of plan members are established by the Town's governing board. Ordinance 2009-G-01 assigns the authority to establish and amend benefit provisions to the Town.

TOWN OF CLARKSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Town pays 81% of the cost of the plan for the retiree's participation in the plan. The retiree pays the remaining 19% of the cost and 100% of the cost of dependent participation. Currently twelve employees are participating in the plan.

Information is not available to present the amounts paid by the Town and employees, respectively.

C. Rate Structure – Enterprise Funds

Wastewater Utility

The current rate structure for wastewater services was approved by the Town Council on December 13, 2005.

The current rate structure for storm water services was approved by the Town Council on January 29, 2008.

D. Receipts Pledged

Wastewater Utility Receipts Pledge

The Town has pledged future operating and nonoperating receipts, net of specified operating expenditures - including all additions and improvements thereto, to repay revenue bonds issued in 2005. Proceeds from the bonds provided financing for bond refunding. The bonds are payable solely from net receipts and are payable through 2024. Annual principal and interest payments are currently more than 100% of net receipts.

The Town has pledged future operating and nonoperating receipts, net of specified operating expenditures - including all additions and improvements thereto, to repay revenue bonds issued in 2009. Proceeds from the bonds provided financing for bond refunding. The bonds are payable solely from net receipts and are payable through 2018. Annual principal and interest payments are currently more than 100% of net receipts.

Tax Increment Receipts Pledged

The Town has pledged tax increment receipts for the following senior obligations:

The Town has pledged a portion of tax increment receipts to repay the remaining \$3,095,000 of a 1999 infrastructure lease with the Clarksville Redevelopment Authority. The lease is payable solely from the incremental tax receipts generated by the Clarksville Commercial Economic Development Area. Incremental tax receipts were projected to produce 100 percent of the obligation over the remaining life of the lease.

The Town has pledged a portion of tax increment receipts to repay the remaining \$1,430,000 of a 2002 golf course lease with the Clarksville Redevelopment Authority. The lease is payable primarily from the revenues generated by the golf course. Incremental tax receipts generated by the Clarksville Commercial Economic Development Area are pledged to pay the difference between the lease payments and available golf course revenues. Golf course receipts are projected to produce 67 percent and tax increment receipts are projected to provide 33 percent of the obligation over the remaining life of the lease.

TOWN OF CLARKSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Town has pledged a portion of tax increment receipts to repay the remaining \$5,550,000 of a 2004 infrastructure lease with the Clarksville Redevelopment Authority. The lease is payable solely from the incremental tax receipts generated by the Clarksville Commercial Economic Development Area. Incremental tax receipts were projected to produce 100 percent of the obligation over the remaining life of the lease.

The Town has pledged a portion of tax increment receipts to repay \$5,260,000 in tax increment bonds issued in 2007 for park improvements. The bonds are payable solely from the incremental tax receipts generated from the Clarksville Economic Development Area. Incremental tax receipts were projected to produce 100 percent of the debt service requirements over the remaining life of the bonds.

The Town has pledged a portion of tax increment receipts to repay \$3,000,000 in tax increment bonds issued in 2008 for infrastructure improvements to Eastern Boulevard. The bonds are payable solely from the incremental tax receipts generated from the Clarksville Economic Development Area. Incremental tax receipts were projected to produce 100 percent of the debt service requirements over the remaining life of the bonds.

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. 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

TOWN OF CLARKSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the Town during the period were \$231,196.

b. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The Town contributed \$177,234 to the plan in 2009. When the final tax distribution for the plan from 2009 is received in 2010, the Town will no longer fund the plan.

On-behalf Payments

In 2009, the 1925 Police Officers' Pension Plan was also funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. In 2009, the State of Indiana contributed \$339,253 on behalf of the Town. After the Town receives its final tax distribution for the plan in 2010, the State of Indiana will provide all subsequent funding for the plan.

c. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The Town contributed \$364,046 to the plan in 2009. When the final tax distribution for the plan from 2009 is received in 2010, the Town will no longer fund the plan.

TOWN OF CLARKSVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

On-behalf Payments

In 2009, the 1937 Firefighters' Pension Plan was also funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. In 2009, the State of Indiana contributed \$532,906 on behalf of the Town. After the Town receives its final tax distribution for the plan in 2010, the State of Indiana will provide all subsequent funding for the plan.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 50. The plan also provides for death and disability benefits.

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

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

Funding Policy

The contribution requirements of plan members and the Town are established by the Board of Trustees of PERF. The Town's contributions to the plan during the period were \$662,857.

TOWN OF CLARKSVILLE
 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, 2009

	Motor Vehicle Highway	Local Road and Street	Nonreverting Senior Trip Fee	Supplemental Adult Probation Services	Donation	Federal Grant	Unsafe Building
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	587,872	212,469	-	-	-	-	-
Charges for services	-	-	63,325	-	-	-	-
Fines and forfeits	-	-	-	92,103	-	-	-
Interfund loans	-	-	-	-	-	43,219	-
Other	-	-	-	-	192,187	-	-
Total receipts	587,872	212,469	63,325	92,103	192,187	43,219	-
Disbursements:							
General government	-	-	-	-	318,368	51,998	-
Public safety	-	-	-	70,681	-	-	19,768
Highways and streets	925,250	488,896	-	-	-	-	-
Culture and recreation	-	-	57,520	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	300	-	-	-
Highways and streets	-	86,531	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	925,250	575,427	57,520	70,981	318,368	51,998	19,768
Excess (deficiency) of receipts over disbursements	(337,378)	(362,958)	5,805	21,122	(126,181)	(8,779)	(19,768)
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	-
Other receipts	6,857	-	-	-	-	-	-
Total other financing sources (uses)	6,857	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(330,521)	(362,958)	5,805	21,122	(126,181)	(8,779)	(19,768)
Cash and investment fund balance - beginning	825,705	1,240,765	16,747	5,139	199,470	8,779	65,078
Cash and investment fund balance - ending	<u>\$ 495,184</u>	<u>\$ 877,807</u>	<u>\$ 22,552</u>	<u>\$ 26,261</u>	<u>\$ 73,289</u>	<u>\$ -</u>	<u>\$ 45,310</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ 26,261	\$ 73,289	\$ -	\$ 45,310
Restricted assets:							
Cash and investments	495,184	877,807	22,552	-	-	-	-
Total cash and investment assets - ending	\$ 495,184	\$ 877,807	\$ 22,552	\$ 26,261	\$ 73,289	\$ -	\$ 45,310
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	495,184	877,807	-	-	-	-	-
Culture and recreation	-	-	22,552	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	-	-	26,261	73,289	-	45,310
Total cash and investment fund balance - ending	\$ 495,184	\$ 877,807	\$ 22,552	\$ 26,261	\$ 73,289	\$ -	\$ 45,310

TOWN OF CLARKSVILLE
 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, 2009
 (Continued)

	User Fee	Fire Equipment Grant	Federal Police Equipment Vest Grant	Federal JAG Grant #1 Police Software	Rainy Day	Law Enforcement Continuing Education
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	10,509	-	-	630,609	-
Charges for services	-	-	-	-	-	21,640
Fines and forfeits	17,037	-	-	-	-	-
Interfund loans	-	-	-	48,814	1,085,000	-
Other	-	-	-	-	-	-
Total receipts	17,037	10,509	-	48,814	1,715,609	21,640
Disbursements:						
General government	5,995	-	-	-	202,540	-
Public safety	-	-	-	-	-	19,267
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Interfund loans	-	-	-	-	1,167,419	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	11,000	10,509	10,914	48,813	-	-
Public safety	-	-	-	-	-	15,585
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	16,995	10,509	10,914	48,813	1,369,959	34,852
Excess (deficiency) of receipts over disbursements	42	-	(10,914)	1	345,650	(13,212)
Other financing sources (uses):						
Transfers out	-	-	-	-	(317,817)	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(317,817)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	42	-	(10,914)	1	27,833	(13,212)
Cash and investment fund balance - beginning	32,989	-	10,914	-	2,134,384	54,625
Cash and investment fund balance - ending	<u>\$ 33,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 2,162,217</u>	<u>\$ 41,413</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ 1	\$ 2,162,217	\$ -
Restricted assets:						
Cash and investments	33,031	-	-	-	-	41,413
Total cash and investment assets - ending	<u>\$ 33,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 2,162,217</u>	<u>\$ 41,413</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ 33,031	\$ -	\$ -	\$ -	\$ -	\$ 41,413
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	1	2,162,217	-
Total cash and investment fund balance - ending	<u>\$ 33,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 2,162,217</u>	<u>\$ 41,413</u>

TOWN OF CLARKSVILLE
 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, 2009
 (Continued)

	Federal JAG Grant #2 Police Hardware	Federal EMT Equipment and TR Grant	Economic Development Commission	Court Fees	Parks and Recreation	Parks and Recreation Donation
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,089,195	\$ -
Intergovernmental	-	2,762	-	-	103,096	-
Charges for services	-	-	-	-	947,521	-
Fines and forfeits	-	-	-	1,224	-	-
Interfund loans	14,385	-	-	-	200,000	-
Other	-	-	-	-	120,205	57,294
Total receipts	14,385	2,762	-	1,224	2,460,017	57,294
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	2,110,514	28,624
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	14,385	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	34,530	-
Total disbursements	14,385	-	-	-	2,145,044	28,624
Excess (deficiency) of receipts over disbursements	-	2,762	-	1,224	314,973	28,670
Other financing sources (uses):						
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	59,968	-
Total other financing sources (uses)	-	-	-	-	59,968	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,762	-	1,224	374,941	28,670
Cash and investment fund balance - beginning	-	-	2,451	4,927	453,908	-
Cash and investment fund balance - ending	\$ -	\$ 2,762	\$ 2,451	\$ 6,151	\$ 828,849	\$ 28,670
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 2,451	\$ 6,151	\$ -	\$ 28,670
Restricted assets:						
Cash and investments	-	2,762	-	-	828,849	-
Total cash and investment assets - ending	\$ -	\$ 2,762	\$ 2,451	\$ 6,151	\$ 828,849	\$ 28,670
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ 2,762	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	828,849	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	2,451	6,151	-	28,670
Total cash and investment fund balance - ending	\$ -	\$ 2,762	\$ 2,451	\$ 6,151	\$ 828,849	\$ 28,670

TOWN OF CLARKSVILLE
 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, 2009
 (Continued)

	Nonreverting Clean Up Fee	Redevelopment District General	Towed Vehicle Nonreverting	Controlled Substance	Tourism Revenue Bonds of 2007 and 2008	Clarksville Jeffersonville HAZMAT
Receipts:						
Taxes	\$ -	\$ 10,548	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	35	-	-	-	-
Charges for services	1,125	-	20,685	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	1,125	10,583	20,685	-	-	-
Disbursements:						
General government	-	9,669	48,225	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	207,125	-
Total disbursements	-	9,669	48,225	-	207,125	-
Excess (deficiency) of receipts over disbursements	1,125	914	(27,540)	-	(207,125)	-
Other financing sources (uses):						
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,125	914	(27,540)	-	(207,125)	-
Cash and investment fund balance - beginning	9,614	26,416	31,428	2,545	306,138	53,525
Cash and investment fund balance - ending	<u>\$ 10,739</u>	<u>\$ 27,330</u>	<u>\$ 3,888</u>	<u>\$ 2,545</u>	<u>\$ 99,013</u>	<u>\$ 53,525</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 10,739	\$ 27,330	\$ 3,888	\$ 2,545	\$ -	\$ 53,525
Restricted assets:						
Cash and investments	-	-	-	-	99,013	-
Total cash and investment assets - ending	<u>\$ 10,739</u>	<u>\$ 27,330</u>	<u>\$ 3,888</u>	<u>\$ 2,545</u>	<u>\$ 99,013</u>	<u>\$ 53,525</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	99,013	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	10,739	27,330	3,888	2,545	-	53,525
Total cash and investment fund balance - ending	<u>\$ 10,739</u>	<u>\$ 27,330</u>	<u>\$ 3,888</u>	<u>\$ 2,545</u>	<u>\$ 99,013</u>	<u>\$ 53,525</u>

TOWN OF CLARKSVILLE
 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, 2009
 (Continued)

	Hometown Forestry Grant	FEMA Relief 08 Windstorm	FEMA Relief 09 Icestorm	Park District Bond and Interest	Park Debt Reserve	Park Construction
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 204,205	\$ -	\$ -
Intergovernmental	-	532,844	330,228	19,266	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	47,001	-	-
Other	-	-	-	-	286	99
Total receipts	-	532,844	330,228	270,472	286	99
Disbursements:						
General government	-	78,019	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Interfund loans	-	-	-	62,000	-	-
Debt service:						
Principal	-	-	-	195,000	-	-
Interest	-	-	-	12,870	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	80,776
Total disbursements	-	78,019	-	269,870	-	80,776
Excess (deficiency) of receipts over disbursements	-	454,825	330,228	602	286	(80,677)
Other financing sources (uses):						
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	454,825	330,228	602	286	(80,677)
Cash and investment fund balance - beginning	1,146	-	-	717	462,501	80,677
Cash and investment fund balance - ending	<u>\$ 1,146</u>	<u>\$ 454,825</u>	<u>\$ 330,228</u>	<u>\$ 1,319</u>	<u>\$ 462,787</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 454,825	\$ 330,228	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	1,146	-	-	1,319	462,787	-
Total cash and investment assets - ending	<u>\$ 1,146</u>	<u>\$ 454,825</u>	<u>\$ 330,228</u>	<u>\$ 1,319</u>	<u>\$ 462,787</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	1,146	-	-	-	-	-
Debt service	-	-	-	1,319	462,787	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	454,825	330,228	-	-	-
Total cash and investment fund balance - ending	<u>\$ 1,146</u>	<u>\$ 454,825</u>	<u>\$ 330,228</u>	<u>\$ 1,319</u>	<u>\$ 462,787</u>	<u>\$ -</u>

TOWN OF CLARKSVILLE
 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, 2009
 (Continued)

	Cumulative Capital Development	Redevelopment Bond Project Eastern Boulevard	Cumulative Building and Firefighting Equipment	State DNR Levee Trail Grant	Cumulative Capital Improvement	Totals
Receipts:						
Taxes	\$ 198,415	\$ -	\$ 156,077	\$ -	\$ -	\$ 1,658,440
Intergovernmental	19,029	-	16,844	-	65,621	2,531,184
Charges for services	-	-	-	-	-	1,054,296
Fines and forfeits	-	-	-	-	-	110,364
Interfund loans	-	-	-	-	-	1,438,419
Other	-	237	2,429	-	-	372,737
Total receipts	217,444	237	175,350	-	65,621	7,165,440
Disbursements:						
General government	4,386	-	-	-	-	719,200
Public safety	-	-	-	-	-	109,716
Highways and streets	-	-	-	-	-	1,414,146
Culture and recreation	-	-	-	-	-	2,196,658
Interfund loans	-	-	-	-	-	1,229,419
Debt service:						
Principal	-	-	-	-	-	195,000
Interest	-	-	-	-	-	12,870
Capital outlay:						
General government	184,105	-	-	330,706	-	610,432
Public safety	-	-	148,360	-	-	164,245
Highways and streets	-	-	-	-	-	86,531
Economic development	-	2,576,092	-	-	-	2,576,092
Culture and recreation	-	-	-	-	-	322,431
Total disbursements	188,491	2,576,092	148,360	330,706	-	9,636,740
Excess (deficiency) of receipts over disbursements	28,953	(2,575,855)	26,990	(330,706)	65,621	(2,471,300)
Other financing sources (uses):						
Transfers out	-	-	-	-	-	(317,817)
Other receipts	-	-	8,334	-	-	75,159
Total other financing sources (uses)	-	-	8,334	-	-	(242,658)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	28,953	(2,575,855)	35,324	(330,706)	65,621	(2,713,958)
Cash and investment fund balance - beginning	1,207,949	2,652,352	158,404	886,984	1,338,629	12,274,906
Cash and investment fund balance - ending	<u>\$ 1,236,902</u>	<u>\$ 76,497</u>	<u>\$ 193,728</u>	<u>\$ 556,278</u>	<u>\$ 1,404,250</u>	<u>\$ 9,560,948</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,227,430
Restricted assets:						
Cash and investments	1,236,902	76,497	193,728	556,278	1,404,250	6,333,518
Total cash and investment assets - ending	<u>\$ 1,236,902</u>	<u>\$ 76,497</u>	<u>\$ 193,728</u>	<u>\$ 556,278</u>	<u>\$ 1,404,250</u>	<u>\$ 9,560,948</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,206
Highways and streets	-	-	-	-	-	1,372,991
Culture and recreation	-	-	-	-	-	951,560
Debt service	-	-	-	-	-	464,106
Capital outlay	1,236,902	76,497	193,728	556,278	1,404,250	3,467,655
Unrestricted	-	-	-	-	-	3,227,430
Total cash and investment fund balance - ending	<u>\$ 1,236,902</u>	<u>\$ 76,497</u>	<u>\$ 193,728</u>	<u>\$ 556,278</u>	<u>\$ 1,404,250</u>	<u>\$ 9,560,948</u>

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 INTERNAL SERVICE FUNDS
 As Of And For The Year Ended December 31, 2009

	<u>Self-Insurance</u>	<u>Municipal Center Refueling Station</u>	<u>Totals</u>
Operating receipts:			
Charges for services	\$ -	\$ 134,698	\$ 134,698
Miscellaneous	<u>3,321,842</u>	<u>-</u>	<u>3,321,842</u>
Total operating receipts	<u>3,321,842</u>	<u>134,698</u>	<u>3,456,540</u>
Operating disbursements:			
Cost of sales and services	-	167,053	167,053
Insurance claims and expense	<u>2,536,323</u>	<u>-</u>	<u>2,536,323</u>
Total operating disbursements	<u>2,536,323</u>	<u>167,053</u>	<u>2,703,376</u>
Excess (deficiency) of receipts over disbursements	785,519	(32,355)	753,164
Cash and investment fund balance - beginning	<u>4,489,992</u>	<u>36,351</u>	<u>4,526,343</u>
Cash and investment fund balance - ending	<u>\$ 5,275,511</u>	<u>\$ 3,996</u>	<u>\$ 5,279,507</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ -	\$ 3,996	\$ 3,996
Restricted assets:			
Cash and investments	<u>5,275,511</u>	<u>-</u>	<u>5,275,511</u>
Total cash and investment assets - December 31	<u>\$ 5,275,511</u>	<u>\$ 3,996</u>	<u>\$ 5,279,507</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Other purposes	\$ 5,275,511	\$ -	\$ 5,275,511
Unrestricted	<u>-</u>	<u>3,996</u>	<u>3,996</u>
Total cash and investment fund balance - December 31	<u>\$ 5,275,511</u>	<u>\$ 3,996</u>	<u>\$ 5,279,507</u>

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2009

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 177,234	\$ 364,046	\$ 541,280
State	<u>339,253</u>	<u>532,906</u>	<u>872,159</u>
Total additions	516,487	896,952	1,413,439
Deductions:			
Benefits	<u>419,269</u>	<u>669,733</u>	<u>1,089,002</u>
Excess of total additions over total deductions	97,218	227,219	324,437
Cash and investment fund balance - beginning	<u>262,317</u>	<u>296,754</u>	<u>559,071</u>
Cash and investment fund balance - ending	<u><u>\$ 359,535</u></u>	<u><u>\$ 523,973</u></u>	<u><u>\$ 883,508</u></u>

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009

	<u>Payroll</u>	<u>URM/DDC Flexible Spending Control</u>	<u>Court Cost Due County</u>	<u>Town Court</u>	<u>Nonreverting Parks Refunds</u>	<u>Third Party Insurance</u>	<u>Retainage</u>	<u>Interpretive Center Revenue</u>	<u>Totals</u>
Additions:									
Agency fund additions	\$ 9,544,262	\$ 3,363	\$ 11,988	\$ 282,623	\$ 9,498	\$ 2,055,059	\$ -	\$ -	\$ 11,906,793
Deductions:									
Agency fund deductions	<u>9,544,345</u>	<u>1,702</u>	<u>11,988</u>	<u>271,396</u>	<u>5,878</u>	<u>1,984,662</u>	<u>5,871</u>	<u>182,000</u>	<u>12,007,842</u>
Excess (deficiency) of total additions over total deductions	(83)	1,661	-	11,227	3,620	70,397	(5,871)	(182,000)	(101,049)
Cash and investment fund balance - beginning	<u>183</u>	<u>499</u>	<u>-</u>	<u>75,695</u>	<u>682</u>	<u>-</u>	<u>20,000</u>	<u>182,000</u>	<u>279,059</u>
Cash and investment fund balance - ending	<u>\$ 100</u>	<u>\$ 2,160</u>	<u>\$ -</u>	<u>\$ 86,922</u>	<u>\$ 4,302</u>	<u>\$ 70,397</u>	<u>\$ 14,129</u>	<u>\$ -</u>	<u>\$ 178,010</u>

TOWN OF CLARKSVILLE
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Municipal Center Lease Rental Refunding 1999	\$ 3,095,000	\$ 853,575
Golf Course Lease Rental 2002	1,430,000	165,250
Lewis & Clark Redev Lease 2004	5,550,000	577,198
2 Fire Trucks Lease	434,397	117,984
2 Sanitation Trucks	57,551	60,043
Golf Cart Lease	16,385	16,385
Notes and loans payable:		
State Infrastructure Loan Veteran's Pkwy	2,812,849	240,661
Bonds payable:		
Park District Tax Increment Bonds of 2007	5,045,000	406,999
Redevelopment Bonds of 2008 (Eastern Blvd)	2,725,000	385,908
Tourism Bond of 2002 (Lewis & Clark Plaza)	195,183	72,794
Tourism Bond of 2008	184,701	26,959
Total governmental activities debt	<u>\$ 21,546,067</u>	<u>\$ 2,923,755</u>
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
Sewage Works Refunding Rev Bonds 2005	\$ 7,405,000	\$ 508,149
Sewage Works Refunding Rev Bonds 2009	4,500,000	528,993
Total business-type activities debt	<u>\$ 11,905,000</u>	<u>\$ 1,037,141</u>

TOWN OF CLARKSVILLE
OTHER REPORT

The annual audit report presented herein was prepared in addition to the official report prepared for the individual Town office listed below:

Street Department

TOWN OF CLARKSVILLE
AUDIT RESULTS AND COMMENTS

EMPLOYEES PAID FOR MEAL PERIODS (Applies to Town Council)

A review of payroll time records presented for examination showed the following for nonexempt employees:

1. The beginning and ending time of each meal period was not recorded.
2. The meal period was included as time worked when computing overtime pay.

The Employment Handbook for the Town of Clarksville (January 2009) states the following:

Section 1.12 (Employment Classifications)

"Exempt employees

Non-union employees whose positions do not meet the exemption tests under the Fair Labor Standards act are paid an hourly or bi-weekly salary . . ."

Section 4.02 (Time Keeping) states in part the following:

". . . Time worked includes all time that an employee is required to be physically at work for the Town. Time worked is used to determine overtime pay required for nonexempt employees. . . . Time not worked includes paid leave, lunch or dinner periods.

Nonexempt employees must accurately record the time they begin and end their work, as well as the beginning and ending time of each meal period. . . ."

No documentation was presented for examination identifying those nonexempt employees that are required to remain physically present at their work stations during meal periods.

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)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TEMPORARY PERSONNEL SERVICES (Applies to Town Council)

The Town paid Crown Services, Inc., \$200,152 during the year 2009 for temporary personnel services provided to various Town departments. We noted the following regarding the payments to Crown Services, Inc.:

1. Crown Services, Inc.'s invoices show the hourly rate billed for each temporary employee. No contract was presented for examination showing how this rate was determined.

TOWN OF CLARKSVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

2. The Town Council has delegated the approval of rates paid to temporary employees to department heads through the passage of yearly ordinances that state the following:

"In the event a utilization of temporary manpower services provided on a contractual basis through an outside manpower agency is determined feasible, a hiring may be made by a department head at the rate negotiated with the agency for the type of position being filled, providing that sufficient appropriations are available to do so in the appropriate departmental budget."

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)

3. The Town prepares time records showing the total number of hours worked each day by temporary employees. These time records are submitted to Crown Services, Inc., and are used as the basis for billing the Town for services of temporary employees. The time records presented for examination did show that temporary employees were required to use time cards or sign attendance reports showing their beginning and ending work time.

Section 4.02 of the Employee Handbook for the Town of Clarksville (January 2009) states in part the following:

". . . employees must accurately record the time they begin and end their work . . . It is the employee's responsibility to sign his or her time record to certify the accuracy of all time recorded. The timekeeper for the department will review and then initial the time record before submitting it for payroll processing . . ."

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)

NO QUOTES OBTAINED FOR PUBLIC WORKS PROJECTS (Applies to Town Council)

The following are examples of public works projects the Town paid Goodman Construction during the year 2009:

TOWN OF CLARKSVILLE
 AUDIT RESULTS AND COMMENTS
 (Continued)

Description of Project	Department	Date Paid	Amount
Repair Storm Water Pipe	Storm Water	01-07-09	\$ 11,419
Deer Run	Storm Water	03-03-09	9,912
B.M.R.	Storm Water	07-08-09	5,563
Irving Drive	Storm Water	08-04-09	7,316
Payne Kohler	Storm Water	09-10-09	1,720
Emerson Ditch	Storm Water	09-10-09	9,978
Progress Way Catch Basin	Storm Water	10-06-09	9,427
Providence Way	Storm Water	11-09-09	12,391
Gutford Road Culvert Pipe	Storm Water	11-30-09	4,518
Excavating Blackiston Mill	Street	07-07-09	7,952
New Side Walks Plum Rum	Redevelopment	10-06-09	<u>8,381</u>
Total			<u>\$ 88,577</u>

The quotes presented for examination consisted of a list of labor rates and equipment rates from various contractors. No specific quotes or a log of quotes by project were presented for examination.

For projects costing less than \$50,000, IC 36-1-12-5(b) states:

"The board must proceed under the following provisions:

- (1) The board shall invite quotes from a least three (3) persons known to deal in the class of work proposed to be done by mailing them a notice stating the plans and specifications are on file in a specified office. The notice must be mailed not less than seven (7) days before the time fixed for receiving quotes.
- (2) The board may not require a person to submit a quote before the meeting at which quotes are to be received. The meeting for receiving quotes must be open to the public. All quotes received shall be opened publicly and read aloud at the time and place designated and not before.
- (3) The board shall award the contract for the public work to the lowest responsible and responsive quoter.
- (4) The board may reject all quotes submitted.
- (5) If the board rejects all quotes under subdivision (4) of this section, the board may negotiate and enter into agreements for the work in the open market without inviting or receiving quotes if the board establishes in writing the reasons for rejecting the quotes."

As an alternative to soliciting quotes by the mail, IC 36-1-12-5(i) states:

"Quotes for public works projects costing less than twenty-five thousand dollars (\$25,000) may be obtained by soliciting at least three (3) quotes by telephone or facsimile transmission. The seven (7) day waiting period required by subsection (b) (1) does not apply to quotes solicited under this subsection."

TOWN OF CLARKSVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

NO BIDS/QUOTES – EQUIPMENT PURCHASED WITH TRADE-IN (Applies to Town Council)

It has been the practice of the Town to purchase a new backhoe each year by trading in the backhoe purchased from the same vendor from the previous year. On June 29, 2009, the Town purchased a backhoe used by the Street Department from MH Equipment that had a gross cost of \$86,193. The purchase was made after a trade-in allowance of Town equipment in the amount of \$64,314, resulting in a net payment of \$21,879. No bids or quotes were presented for examination.

For equipment (supplies) costing \$50,000 to \$150,000, IC 5-22-7-5(a) states: "The purchasing agency shall give notice of the invitation for bids in a manner required by IC 5-3-1."

In lieu of advertising for bids, a town may solicit written quotes by following IC 5-22-8-3.

IC 5-22-8-3 states in part:

". . . if the purchasing agent expects the purchase to be . . . at least fifty thousand dollars (\$50,000); and . . . not more than one hundred fifty thousand dollars (\$150,000). A purchasing agent may purchase supplies . . . by inviting quotes from at least three (3) persons known to deal in the lines or classes of supplies to be purchased . . ."

TOWN-OWNED PROPERTY OCCUPIED BY EMPLOYEES
(Applies to Town Council and Clerk-Treasurer)

Two (2) residential properties owned by the Town were occupied, rent free, by two (2) Town employees. The employees were not required to live on Town property to perform their duties.

This benefit was not included in a contract or salary ordinance. In addition, the fair market rental value of the properties was not reported on the employees' year 2009 W-2s.

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 compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BANK RECONCILIATION (Applies to Wastewater Utility)

The record balance of cash and the outstanding check list used in the preparation of the bank reconciliation was not accurate at December 31, 2009. For example, a check in the amount of \$18,716 that was voided and replaced by another check was not receipted back to the record balance of cash and was not removed from the outstanding check list.

TOWN OF CLARKSVILLE
 AUDIT RESULTS AND COMMENTS
 (Continued)

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)

ACCOUNTS RECEIVABLE NOT RECONCILED (Applies to Wastewater Utility)

A comparison of the general ledger account for accounts receivable with the detailed accounts receivable aged trial balance report, which lists individual customer balances, showed the following variance at December 31, 2009:

<u>Accounts Receivable</u>	<u>Wastewater Utility</u>	<u>Storm Water Utility</u>	<u>Totals</u>
Reported on General Ledger (Note 1)	\$ 954,719	\$ 200,351	\$ 1,155,070
Reported on Aged Trial Balance	<u>966,481</u>	<u>179,371</u>	<u>1,145,852</u>
Totals	<u>\$ (11,762)</u>	<u>\$ 20,980</u>	<u>\$ 9,218</u>

Note to Schedule:

The amount in the above schedule is net of certain adjustments to the December 31, 2009 accounts receivable account balance which were recorded in the year 2010. The balances shown include both current accounts receivable and delinquent accounts certified to the County Auditor for collection.

The Utility keeps separate records for current receivable accounts and delinquent receivable accounts certified to the County Auditor for collection. The variance, considering only current accounts receivable balances, showed the general ledger accounts receivable control account balance exceeding the detail accounts receivable aged trial balance by \$89,894 for both wastewater and storm water receivables.

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

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment was reported in prior Report B31492.

TOWN OF CLARKSVILLE
 AUDIT RESULTS AND COMMENTS
 (Continued)

ANNUAL FINANCIAL REPORT ERRORS (Applies to Clerk-Treasurer)

The 2009 City and Town Annual Report (CTAR-1), used to report the Town's financial activity and cash investment balances, did not report the financial activity and the cash and investment balances for the Town Court Fund; Park Debt Reserve Fund; and Park Construction Fund. In addition, adjustments made to the Wastewater Utility Operating Fund were reported as receipts and disbursements rather than reported separately as adjustments.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONFLICT OF INTEREST (Applies to Town Council)

Conflict of interest annual disclosure statements were filed by Donald W. Tetley and Paul L. Kraft, both Town Councilmen, as partners in K & T, Inc. (d/b/a Kraft Marathon) for their contract with the Town regarding impounding of vehicles. The conflict of interest disclosure statements did not disclose any additional services or purchases. The Town paid Kraft Marathon \$4,768 for services and other purchases during the year 2009 in addition to services related to the impounding of vehicles.

We also noted employees of the Town being paid for performing contractual services for the Town. No conflict of interest statements were filed by these employees. The following is a schedule of amounts paid to these employee owned businesses:

Employee/Business	Paid
Gary Barnes/dba B & L Lawn Service	\$ 2,970
Chad Stenburg/dba Chad Stenburg Enterprise	1,870
David Wood/dba Woodsey's Lawn Service	1,540

IC 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony. . . .

(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant. . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6). . . .

(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . .

TOWN OF CLARKSVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant."

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-9-2-2) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (1/2) of whose support is provided during a year by the public servant."

EXPENDITURES FROM TAX INCREMENT FINANCING FUND
(Applies to Redevelopment Commission)

The Redevelopment Commission paid \$12,746 from the Redevelopment Commission TIF (Tax Increment Financing Fund) for the maintenance of traffic signals.

This expenditure is not listed as an allowable use of tax increment financing funds under Indiana Code 36-7-14-39 or Indiana Code 36-7-14-25.1.

CONTRACT APPROVAL (Applies to Redevelopment Commission)

On January 8, 2009, the Redevelopment Commission discussed a proposed contract with CityVisions Associates. A contract, dated January 8, 2009, with CityVisions Associates was presented for examination. However, there was no record in the minutes that a motion was made and voted on in regards to this contract. At the meeting on February 5, 2009, the Redevelopment Commission approved a letter be sent to CityVisions Associates to stop work.

Richard Dickman, Director, stated that the approval of the contract was erroneously omitted from the minutes and the tapes of the meeting documented the Redevelopment Commission's approval.

IC 5-14-1.5-4(b) states:

"As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided."

OPTICAL IMAGES OF CHECKS (Applies to Town Court)

The financial institution did not return the actual cancelled checks with the monthly bank statements for the Town Court. Instead the financial institution returned only an optical image of the front side of the checks.

TOWN OF CLARKSVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

IC 5-15-6-3 concerning optical imaging of checks states in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Further, IC 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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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 CLARKSVILLE, CLARK COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Clarksville (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 year ended December 31, 2009. 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 year ended December 31, 2009.

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.

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

August 30, 2010

TOWN OF CLARKSVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct grant			
Bulletproof Vest Partnership Program Police Equipment - Vest	16.607	FY 2009	\$ 10,914
Total for federal grantor agency			<u>10,914</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Homeland Security Homeland Security Grants Cluster Law Enforcement Terrorism Prevention Program (LETPP) Hazmat equipment	97.074	FY 2009	<u>10,509</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant			
Assistance to Firefighters Grant EMT equipment and training	97.044	EMW-2008-FO-09748	<u>2,762</u>
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters) 2008 Windstorm 2009 Ice storm	97.036	Disaster #1795 Disaster #1828	532,844 <u>330,228</u>
Total for program			<u>863,072</u>
Total for federal grantor agency			<u>876,343</u>
Total federal awards expended			<u>\$ 887,257</u>

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

TOWN OF CLARKSVILLE
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 Clarksville (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

TOWN OF CLARKSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies 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
Significant deficiencies 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? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
97.036	Disaster Grant - Public Assistance

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.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF CLARKSVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No items were reportable.

TOWN OF CLARKSVILLE
EXIT CONFERENCE

The contents of this report were discussed on August 30, 2010, with Gregory L. Isgrigg, President of the Town Council; Gary P. Hall, Clerk-Treasurer; Roberta McLemore, Deputy Clerk-Treasurer; and Anita Elliott-Neeld, Deputy Clerk-Treasurer.

Comments in this report related to Redevelopment Commission were discussed with Richard E. Dickman, Redevelopment Director, and with Donald W. Tetley, President of the Redevelopment Commission. The officials concurred with our findings.

Comments in this report related to Town Court were discussed with Amanda Craig, 1st Deputy Town Court Clerk.