

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF CLARKSVILLE

CLARK COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
12/30/2011

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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	01-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statement of the Town of Clarksville (Town), for the period of January 1, 2010 to December 31, 2010. The Town's management is responsible for the financial statement. Our responsibility is to express an opinion based on our examination.

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

As discussed in Note 1, the Town prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the year ended December 31, 2010, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

The Town's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management and the Town Council, 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

November 14, 2011

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the Town. The financial statement and notes are presented as intended by the Town.

TOWN OF CLARKSVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 1,090,594	\$ 10,625,086	\$ 9,034,867	\$ 2,680,813
Cash Change	1,800	-	-	1,800
Motor Vehicle Highway	495,184	1,442,700	796,960	1,140,924
Local Road And Street	877,807	219,092	109,488	987,411
Nr Senior Trip	22,552	79,883	74,831	27,604
Probation User Fee	26,261	150,860	79,467	97,654
Donations	73,289	51,254	19,251	105,292
Federal L&C Trail Grant	-	149,703	149,698	5
Unsafe Building	45,310	9,528	7,989	46,849
User Fee	33,031	6,170	3,251	35,950
Firefighting	121,774	4,858,897	4,444,724	535,947
Fed Jag Gr#1 Pol Software	1	77,061	76,834	228
Rainy Day	2,162,217	2,025,392	243,800	3,943,809
Llece	41,413	18,266	23,417	36,262
Fed Fire Rescue Boat & Eq Grant	-	30,306	30,275	31
Fed Jag Gr #2 Pol Hardware	-	14,385	14,385	-
Gr Fed Emt Equipment & Tr	2,762	4,297	7,059	-
Jag Grant #3 Police Eq--Guns	-	14,600	14,590	10
Stimulus- Lewis&Clark Streetlights	-	152,300	152,249	51
Levy Excess	-	29,416	-	29,416
Economic Development Commission	2,451	-	12	2,439
Court Fees	6,151	1,510	-	7,661
Parks And Recreation #2	828,849	1,894,297	2,219,953	503,193
Parks Donation Fund	28,670	1,283	937	29,016
Loit-Public Safety	-	539,459	93,180	446,279
N/R Clean Up Fee-Fire	10,739	1,375	-	12,114
Redevelopment Operating	27,330	-	27,330	-
Towed Vehicle Nonreverting	3,888	18,620	7,919	14,589
Controlled Substance Tax	2,545	-	-	2,545
Tourism Bureau Rev Bond	99,013	-	-	99,013
C-Ville/Jeff Hazmat	53,525	-	53,525	-
Hometown Forestry	1,146	-	-	1,146
Fema Relief '08 Windstorm	454,825	-	454,825	-
Fema Relief '09 Ice Storm	330,228	-	330,228	-
Retainage	14,129	-	-	14,129
3Rd Party Insurance	70,397	2,327,016	2,326,777	70,636
Park Nonreverting Refunds	4,302	9,900	9,950	4,252
Urm/Ddc Control Fund	2,160	8,581	4,278	6,463
Park District Bond	1,319	45,682	47,001	-
Bond Of 2007 Reserve At Bank Of Ny	462,787	-	-	462,787
Cumulative Capital Development	1,236,902	216,555	194,770	1,258,687
Redev Bond '08 Eastern Blvd	76,497	3	76,500	-
Cumulative Fire	193,728	181,949	154,701	220,976
Gr-Idnr (State Levee Trail	556,278	-	556,278	-
Cumulative Capital Improvement	1,404,250	62,659	-	1,466,909

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

TOWN OF CLARKSVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Cedit Capital Projects	3,044,159	1,259,372	975,994	3,327,537
Tif Capital Project	10,622,909	7,188,053	10,475,460	7,335,502
Nonreverting Insurance	5,205,114	3,557,346	2,932,838	5,829,622
Mun Centr Refueling Station	3,996	164,918	163,279	5,635
Police Pension	359,535	325,768	442,144	243,159
Fire Pension	523,973	582,422	674,264	432,131
Court Cost Due County	-	15,050	15,050	-
Federal Taxes	-	1,021,036	1,021,036	-
State	-	271,128	271,128	-
Fica/Med	-	915,844	915,844	-
County	-	146,371	146,371	-
Ee Health Ins	-	11,040	11,040	-
Local 2594	-	8,200	8,200	-
United Way	-	1,218	1,218	-
Payroll Net Wages	-	1,469,042	1,469,042	-
Perf W/H	-	2,415	2,415	-
Voluntary Perf	-	44,404	44,404	-
Equitable Insurance	-	1,167	1,167	-
Police Fop Dues	-	12,488	12,488	-
Credit Union	-	158,955	158,955	-
Colonial Life Ins	-	321	321	-
Aflac 125	-	37,208	37,208	-
Garnishments & Child Support	-	89,536	89,536	-
Aflac Taxable	-	17,269	17,269	-
Dental	-	2,433	2,433	-
Vision	-	548	548	-
Ira Taxable	-	4,572	4,572	-
Aflac Umr-Child	-	3,581	3,581	-
Section 457	-	42,138	42,138	-
Ee Annual Health	-	162	162	-
Direct Deposit	-	4,895,662	4,895,662	-
Mass Mutual Insurance	-	450	450	-
Pr Bank Acct Service Chgs	100	-	-	100
Court Supplemental Reporting	86,922	332,108	332,973	86,057
Interpretive Center Revenue	-	364,000	182,000	182,000
Prepaid Legal-Id Theft W/Hdisplay	-	6,216	6,216	-
Companion Life	-	2,786	2,786	-
Storm Water Utility-Operating	1,554,386	1,071,690	1,332,212	1,293,864
Wastewater Utility-Operating	1,250,499	3,594,122	3,791,841	1,052,780
Wastewater Util-Bond And Interest	691,426	1,136,316	1,037,146	790,596
Wastewater Utility-Cash Change	400	1,000	-	1,400
Totals	<u>\$ 34,209,523</u>	<u>\$ 54,026,440</u>	<u>\$ 53,362,690</u>	<u>\$ 34,873,273</u>

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

TOWN OF CLARKSVILLE
NOTES TO FINANCIAL STATEMENT

Note 1. 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 some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, wastewater, storm water, trash, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF CLARKSVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

TOWN OF CLARKSVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF CLARKSVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. *Deposits and Investments*

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

State statutes authorize the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. *Risk Management*

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

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

Note 6. *Pension Plans*

A. Public Employees' Retirement Fund

Plan Description

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

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

TOWN OF CLARKSVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan 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.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan 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.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

TOWN OF CLARKSVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is 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 52. 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.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Report of the Town which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the Town. It is presented as intended by the Town.

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Cash Change	Motor Vehicle Highway	Local Road And Street	Nr Senior Trip	Probation User Fee	Donations
Cash and investments - beginning	\$ 1,090,594	\$ 1,800	\$ 495,184	\$ 877,807	\$ 22,552	\$ 26,261	\$ 73,289
Receipts:							
Taxes	5,267,806	-	-	-	-	-	-
Licenses and permits	150,366	-	-	-	-	-	-
Intergovernmental	4,487,731	-	581,857	219,092	-	-	-
Charges for services	79,184	-	-	-	79,883	-	-
Fines and forfeits	47,199	-	-	-	-	150,860	-
Utility fees	-	-	-	-	-	-	-
Other receipts	592,800	-	860,843	-	-	-	51,254
Total receipts	<u>10,625,086</u>	<u>-</u>	<u>1,442,700</u>	<u>219,092</u>	<u>79,883</u>	<u>150,860</u>	<u>51,254</u>
Disbursements:							
Personal services	7,160,564	-	514,005	-	-	79,371	-
Supplies	377,366	-	214,542	-	-	-	-
Other services and charges	1,483,880	-	68,413	64,897	74,831	96	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	5,657	-	-	44,591	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	7,400	-	-	-	-	-	19,251
Total disbursements	<u>9,034,867</u>	<u>-</u>	<u>796,960</u>	<u>109,488</u>	<u>74,831</u>	<u>79,467</u>	<u>19,251</u>
Excess (deficiency) of receipts over disbursements	<u>1,590,219</u>	<u>-</u>	<u>645,740</u>	<u>109,604</u>	<u>5,052</u>	<u>71,393</u>	<u>32,003</u>
Cash and investments - ending	<u>\$ 2,680,813</u>	<u>\$ 1,800</u>	<u>\$ 1,140,924</u>	<u>\$ 987,411</u>	<u>\$ 27,604</u>	<u>\$ 97,654</u>	<u>\$ 105,292</u>

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Federal L&C Trail Grant	Unsafe Building	User Fee	Firefighting	Fed Jag Gr#1 Pol Software	Rainy Day	Llece
Cash and investments - beginning	\$ -	\$ 45,310	\$ 33,031	\$ 121,774	\$ 1	\$ 2,162,217	\$ 41,413
Receipts:							
Taxes	-	-	-	4,516,531	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	81,502	-	-	298,207	77,061	726,894	-
Charges for services	-	-	-	-	-	-	18,266
Fines and forfeits	-	-	6,170	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	68,201	9,528	-	44,159	-	1,298,498	-
Total receipts	149,703	9,528	6,170	4,858,897	77,061	2,025,392	18,266
Disbursements:							
Personal services	-	-	-	3,054,097	-	-	-
Supplies	-	-	-	48,571	-	-	2,561
Other services and charges	-	7,989	3,035	375,586	28,020	-	14,261
Debt service - principal and interest	-	-	-	-	-	-	6,570
Capital outlay	-	-	-	470	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	149,698	-	216	966,000	48,814	243,800	25
Total disbursements	149,698	7,989	3,251	4,444,724	76,834	243,800	23,417
Excess (deficiency) of receipts over disbursements	5	1,539	2,919	414,173	227	1,781,592	(5,151)
Cash and investments - ending	\$ 5	\$ 46,849	\$ 35,950	\$ 535,947	\$ 228	\$ 3,943,809	\$ 36,262

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Fed Fire Rescue Boat & Eq Grant	Fed Jag Gr #2 Pol Hardware	Gr Fed Emt Equipment & Tr	Jag Grant #3 Police Eq--Guns	Stimulus- Lewis&Clark Streetlights	Levy Excess	Economic Development Commission
Cash and investments - beginning	\$ -	\$ -	\$ 2,762	\$ -	\$ -	\$ -	\$ 2,451
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	30,306	14,385	4,297	14,600	152,300	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	29,416	-
Total receipts	30,306	14,385	4,297	14,600	152,300	29,416	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	14,590	-	-	-
Other services and charges	-	-	-	-	-	-	12
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	30,275	-	7,059	-	152,249	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	14,385	-	-	-	-	-
Total disbursements	30,275	14,385	7,059	14,590	152,249	-	12
Excess (deficiency) of receipts over disbursements	31	-	(2,762)	10	51	29,416	(12)
Cash and investments - ending	\$ 31	\$ -	\$ -	\$ 10	\$ 51	\$ 29,416	\$ 2,439

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Court Fees	Parks And Recreation #2	Parks Donation Fund	Loit-Public Safety	N/R Clean Up Fee-Fire	Redevelopment Operating	Towed Vehicle Nonreverting
Cash and investments - beginning	\$ 6,151	\$ 828,849	\$ 28,670	\$ -	\$ 10,739	\$ 27,330	\$ 3,888
Receipts:							
Taxes	-	788,572	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	50,064	-	-	-	-	-
Charges for services	-	952,304	-	-	1,375	-	18,620
Fines and forfeits	1,510	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	103,357	1,283	539,459	-	-	-
Total receipts	<u>1,510</u>	<u>1,894,297</u>	<u>1,283</u>	<u>539,459</u>	<u>1,375</u>	<u>-</u>	<u>18,620</u>
Disbursements:							
Personal services	-	1,285,783	-	-	-	-	-
Supplies	-	221,825	375	-	-	-	-
Other services and charges	-	468,572	-	-	-	-	7,919
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	26,918	562	93,180	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	216,855	-	-	-	27,330	-
Total disbursements	<u>-</u>	<u>2,219,953</u>	<u>937</u>	<u>93,180</u>	<u>-</u>	<u>27,330</u>	<u>7,919</u>
Excess (deficiency) of receipts over disbursements	<u>1,510</u>	<u>(325,656)</u>	<u>346</u>	<u>446,279</u>	<u>1,375</u>	<u>(27,330)</u>	<u>10,701</u>
Cash and investments - ending	<u>\$ 7,661</u>	<u>\$ 503,193</u>	<u>\$ 29,016</u>	<u>\$ 446,279</u>	<u>\$ 12,114</u>	<u>\$ -</u>	<u>\$ 14,589</u>

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Controlled Substance Tax	Tourism Bureau Rev Bond	C-Ville/Jeff Hazmat	Hometown Forestry	Fema Relief '08 Windstorm	Fema Relief '09 Ice Storm	Retainage
Cash and investments - beginning	\$ 2,545	\$ 99,013	\$ 53,525	\$ 1,146	\$ 454,825	\$ 330,228	\$ 14,129
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	53,525	-	454,825	330,228	-
Total disbursements	-	-	53,525	-	454,825	330,228	-
Excess (deficiency) of receipts over disbursements	-	-	(53,525)	-	(454,825)	(330,228)	-
Cash and investments - ending	<u>\$ 2,545</u>	<u>\$ 99,013</u>	<u>\$ -</u>	<u>\$ 1,146</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,129</u>

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	3Rd Party Insurance	Park Nonreverting Refunds	Urm/Ddc Control Fund	Park District Bond	Bond Of 2007 Reserve At Bank Of Ny	Cumulative Capital Development	Redev Bond '08 Eastern Blvd
Cash and investments - beginning	\$ 70,397	\$ 4,302	\$ 2,160	\$ 1,319	\$ 462,787	\$ 1,236,902	\$ 76,497
Receipts:							
Taxes	-	-	-	28,827	-	202,456	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	14,099	-
Charges for services	-	9,900	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	<u>2,327,016</u>	<u>-</u>	<u>8,581</u>	<u>16,855</u>	<u>-</u>	<u>-</u>	<u>3</u>
Total receipts	<u>2,327,016</u>	<u>9,900</u>	<u>8,581</u>	<u>45,682</u>	<u>-</u>	<u>216,555</u>	<u>3</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	194,770	76,496
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	<u>2,326,777</u>	<u>9,950</u>	<u>4,278</u>	<u>47,001</u>	<u>-</u>	<u>-</u>	<u>4</u>
Total disbursements	<u>2,326,777</u>	<u>9,950</u>	<u>4,278</u>	<u>47,001</u>	<u>-</u>	<u>194,770</u>	<u>76,500</u>
Excess (deficiency) of receipts over disbursements	<u>239</u>	<u>(50)</u>	<u>4,303</u>	<u>(1,319)</u>	<u>-</u>	<u>21,785</u>	<u>(76,497)</u>
Cash and investments - ending	<u>\$ 70,636</u>	<u>\$ 4,252</u>	<u>\$ 6,463</u>	<u>\$ -</u>	<u>\$ 462,787</u>	<u>\$ 1,258,687</u>	<u>\$ -</u>

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Cumulative Fire	Gr-Idnr (State Levee Trail	Cumulative Capital Improvement	Cedit Capital Projects	Tif Capital Project	Nonreverting Insurance	Mun Centr Refueling Station
Cash and investments - beginning	\$ 193,728	\$ 556,278	\$ 1,404,250	\$ 3,044,159	\$ 10,622,909	\$ 5,205,114	\$ 3,996
Receipts:							
Taxes	170,870	-	-	-	7,179,053	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	11,079	-	62,659	1,139,372	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	120,000	9,000	3,557,346	164,918
Total receipts	<u>181,949</u>	<u>-</u>	<u>62,659</u>	<u>1,259,372</u>	<u>7,188,053</u>	<u>3,557,346</u>	<u>164,918</u>
Disbursements:							
Personal services	-	-	-	86,630	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	117,984	-	-	813,978	3,386,014	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	36,717	556,278	-	75,386	4,207,051	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	2,882,395	2,932,838	163,279
Total disbursements	<u>154,701</u>	<u>556,278</u>	<u>-</u>	<u>975,994</u>	<u>10,475,460</u>	<u>2,932,838</u>	<u>163,279</u>
Excess (deficiency) of receipts over disbursements	<u>27,248</u>	<u>(556,278)</u>	<u>62,659</u>	<u>283,378</u>	<u>(3,287,407)</u>	<u>624,508</u>	<u>1,639</u>
Cash and investments - ending	<u>\$ 220,976</u>	<u>\$ -</u>	<u>\$ 1,466,909</u>	<u>\$ 3,327,537</u>	<u>\$ 7,335,502</u>	<u>\$ 5,829,622</u>	<u>\$ 5,635</u>

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Police Pension	Fire Pension	Court Cost Due County	Federal Taxes	State	Fica/Med	County
Cash and investments - beginning	\$ 359,535	\$ 523,973	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	28,478	66,212	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	297,290	516,210	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	15,050	1,021,036	271,128	915,844	146,371
Total receipts	<u>325,768</u>	<u>582,422</u>	<u>15,050</u>	<u>1,021,036</u>	<u>271,128</u>	<u>915,844</u>	<u>146,371</u>
Disbursements:							
Personal services	315,544	509,514	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	126,600	164,750	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	15,050	1,021,036	271,128	915,844	146,371
Total disbursements	<u>442,144</u>	<u>674,264</u>	<u>15,050</u>	<u>1,021,036</u>	<u>271,128</u>	<u>915,844</u>	<u>146,371</u>
Excess (deficiency) of receipts over disbursements	<u>(116,376)</u>	<u>(91,842)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 243,159</u>	<u>\$ 432,131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Ee Health Ins	Local 2594	United Way	Payroll Net Wages	Perf W/H	Voluntary Perf	Equitable Insurance
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	11,040	8,200	1,218	1,469,042	2,415	44,404	1,167
Total receipts	<u>11,040</u>	<u>8,200</u>	<u>1,218</u>	<u>1,469,042</u>	<u>2,415</u>	<u>44,404</u>	<u>1,167</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	11,040	8,200	1,218	1,469,042	2,415	44,404	1,167
Total disbursements	<u>11,040</u>	<u>8,200</u>	<u>1,218</u>	<u>1,469,042</u>	<u>2,415</u>	<u>44,404</u>	<u>1,167</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Police Fop Dues	Credit Union	Colonial Life Ins	Aflac 125	Garnishments & Child Support	Aflac Taxable
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>12,488</u>	<u>158,955</u>	<u>321</u>	<u>37,208</u>	<u>89,536</u>	<u>17,269</u>
Total receipts	<u>12,488</u>	<u>158,955</u>	<u>321</u>	<u>37,208</u>	<u>89,536</u>	<u>17,269</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	<u>12,488</u>	<u>158,955</u>	<u>321</u>	<u>37,208</u>	<u>89,536</u>	<u>17,269</u>
Total disbursements	<u>12,488</u>	<u>158,955</u>	<u>321</u>	<u>37,208</u>	<u>89,536</u>	<u>17,269</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Dental	Vision	Ira Taxable	Aflac Umr-Child	Section 457	Ee Annual Health
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>2,433</u>	<u>548</u>	<u>4,572</u>	<u>3,581</u>	<u>42,138</u>	<u>162</u>
Total receipts	<u>2,433</u>	<u>548</u>	<u>4,572</u>	<u>3,581</u>	<u>42,138</u>	<u>162</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	<u>2,433</u>	<u>548</u>	<u>4,572</u>	<u>3,581</u>	<u>42,138</u>	<u>162</u>
Total disbursements	<u>2,433</u>	<u>548</u>	<u>4,572</u>	<u>3,581</u>	<u>42,138</u>	<u>162</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Direct Deposit	Mass Mutual Insurance	Pr Bank Acct Service Chgs	Court Supplemental Reporting	Interpretive Center Revenue	Prepaid Legal-Id Theft W/Hdisplay
Cash and investments - beginning	\$ -	\$ -	\$ 100	\$ 86,922	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>4,895,662</u>	<u>450</u>	<u>-</u>	<u>332,108</u>	<u>364,000</u>	<u>6,216</u>
Total receipts	<u>4,895,662</u>	<u>450</u>	<u>-</u>	<u>332,108</u>	<u>364,000</u>	<u>6,216</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	<u>4,895,662</u>	<u>450</u>	<u>-</u>	<u>332,973</u>	<u>182,000</u>	<u>6,216</u>
Total disbursements	<u>4,895,662</u>	<u>450</u>	<u>-</u>	<u>332,973</u>	<u>182,000</u>	<u>6,216</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>(865)</u>	<u>182,000</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 86,057</u>	<u>\$ 182,000</u>	<u>\$ -</u>

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Companion Life	Storm Water Utility-Operating	Wastewater Utility-Operating	Wastewater Util-Bond And Interest	Wastewater Utility-Cash Change	Totals
Cash and investments - beginning	\$ -	\$ 1,554,386	\$ 1,250,499	\$ 691,426	\$ 400	\$ 34,209,523
Receipts:						
Taxes	-	-	-	-	-	18,248,805
Licenses and permits	-	-	-	-	-	150,366
Intergovernmental	-	-	-	-	-	8,779,005
Charges for services	-	-	-	-	-	1,159,532
Fines and forfeits	-	-	-	-	-	205,739
Utility fees	-	1,064,195	2,867,055	-	-	3,931,250
Other receipts	2,786	7,495	727,067	1,136,316	1,000	21,551,743
Total receipts	2,786	1,071,690	3,594,122	1,136,316	1,000	54,026,440
Disbursements:						
Personal services	-	-	-	-	-	13,005,508
Supplies	-	-	-	-	-	879,830
Other services and charges	-	-	-	-	-	7,206,837
Debt service - principal and interest	-	-	-	1,037,141	-	1,043,711
Capital outlay	-	-	-	-	-	5,507,659
Utility operating expenses	-	936,307	2,378,210	-	-	3,314,517
Other disbursements	2,786	395,905	1,413,631	5	-	22,404,628
Total disbursements	2,786	1,332,212	3,791,841	1,037,146	-	53,362,690
Excess (deficiency) of receipts over disbursements	-	(260,522)	(197,719)	99,170	1,000	663,750
Cash and investments - ending	\$ -	\$ 1,293,864	\$ 1,052,780	\$ 790,596	\$ 1,400	\$ 34,873,273

TOWN OF CLARKSVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 Decemeber 31, 2010

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund/ Department
Capital leases:			
Municipal Center Lease Rental Refunding 1999	\$ 2,370,000	\$ 861,984	Tif Capital Project
Golf Course Lease Rental 2002	1,335,000	172,500	Tif Capital Project
Lewis & Clark Redev Lease 2004	5,245,000	578,000	Cedit Capital Projects
2 Fire Trucks Lease	331,182	117,984	Cumulative Fire
Note and loan payable:			
State Infrastructure Loan Veteran's Pkwy	2,655,402	240,661	Tif Capital Project
Bonds payable:			
Revenue bonds:			
Park District Tax Increment Bonds of 2007	4,860,000	404,850	Tif Capital Project
Redevelopment Bonds of 2008 (Eastern Blvd)	2,450,000	384,808	Tif Capital Project
Tourism Bond of 2002 (Lewis & Clark Plaza)	133,768	72,794	Tourism Bureau Rev Bond
Tourism Bond of 2008	168,510	26,959	Tourism Bureau Rev Bond
Sewage Works Refunding Rev Bonds 2005	7,200,000	509,749	Wastewater Util-Bond And Interest
Sewage Works Refunding Rev Bonds 2009	<u>4,110,000</u>	<u>531,092</u>	Wastewater Util-Bond And Interest
 Total debt	 <u>\$ 30,858,862</u>	 <u>\$ 3,901,381</u>	

TOWN OF CLARKSVILLE
EXAMINATION RESULTS AND COMMENTS

ENGINEERING SERVICES NOT SPECIFIED IN CONTRACT (Applies to Town Council)

The Town Council entered into a contract with HDR Engineering, Inc. (HDR) to prepare a Preliminary Engineering Report (PER) that was to be submitted with an application for a loan from the State of Indiana's Revolving Loan Fund for renovations to the Wastewater Utility's plant and pumping stations. The contract listed what positions and the respective hourly rates that would be used to bill for services not to exceed \$129,272.

Invoices showed that HDR billed the Wastewater Utility \$64,844 for the services of a Project Manager from December 7, 2009 to July 11, 2011, at a rate of \$139 per hour. The position of Project Manager and the hourly rate for that position was not specified in the contract. The following are the only allowable costs specified in the contract:

<u>Personnel Category</u>	<u>Hourly Billing Rate</u>
Principal Engineer	\$ 201
Senior Project Manager	163
Project Engineer	72
CAD Designer	83
Clerical	71
Direct Expenses	Actual

Rebecca L. Lockard, Attorney for the Town, stated the following in a letter dated October 27, 2011:

"Mr. Richard Davis was a primary team member working on the project. His billing rate was less than the Senior Project Manager. Therefore, the rate schedule was amended to include the Project Manager category and invoice the Town using the proper rate rather than invoicing at the higher Sr. Project Manager rate."

An amendment to the contract documenting the change in personnel category services and hourly rates was not presented for examination.

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)

ENGINEERING CONTRACT – SCOPE OF SERVICES (Applies to Town Council)

The Town Council entered into a contract with HDR Engineering, Inc. (HDR) to prepare a Preliminary Engineering Report (PER) that was to be submitted with an application for a loan from the State of Indiana's Revolving Loan Fund for renovation of the Wastewater Utility's plant and pumping stations. The contract listed what positions and the respective hourly rates that would be used to bill for services not to exceed \$129,272. HDR has billed the Town \$126,848 for services through July 30, 2011. A review of the contract file, paid invoices, and interviews with Town officials provided the following information:

TOWN OF CLARKSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

1. The contract was entered into on December 7, 2009, and called for the PER to be completed within six months of the receipt of an executed copy of the contractual agreement and the official "Notice to Proceed" or June 7, 2010. Paid invoices showed that HDR continued to bill the Town for the PER through September of the year 2011 and no PER was presented for examination.

Greg Isgrigg, President of the Town Council, stated that the contract had changed and the Town no longer planned to apply for a loan from the State Revolving Loan Fund.

An internal "Memo," dated October 18, 2010, from Brittany Montgomery, Project Coordinator to the Town Council, stated the following:

"I am continuing to work with Mr. Isgrigg, Mike Otto, and HDR on the proposed Wastewater improvements. While there have been few changes over the past two weeks, some significant decisions have been made in regards to the Wastewater Utility. The first is that HDR is going to modify its contract slightly and begin the process of completing an alternative analysis and preliminary engineering for the proposed improvements. The alternatives analysis will examine three types of treatment processes and determine which one is the best fit for the Town. Once the preliminary engineering and needs analysis are complete, then the Town will have enough information to begin the process of issuing bonds and raising rates to cover the proposed improvements. In addition this information will enable the Town to finalize a plan of action and present to IDEM for approval. Having IDEM's approval of our plan of action will help the Town in preventing any possible enforcement action. HDR is expected to begin working on the analysis this week, with completion in late January."

No contract or contract amendment was presented for examination regarding the change in the scope of services. An engineering report regarding the three types of treatment processes was completed on April 26, 2011.

Rebecca L. Lockard, Attorney for the Town, stated the following in a letter dated October 27, 2011:

"The Town did not change the scope of the contract, only the purpose of the contract. HDR was still working on the preliminary engineering for the Town, the only difference was the Town decided to not pursue SRF funding. The Preliminary Report would not be used to obtain SRF funding; however, the Town wanted the Preliminary Report completed to assess the need for a new treatment plant."

2. Invoices showed HDR continued to invoice the Town for services related to the PER for the State Revolving Loan Fund after October 18, 2010, even though this service was discontinued. The amount invoiced after October 18, 2010, totaled \$65,697.

Accounts payable vouchers were signed by either Greg Isgrigg, President of the Town Council, or Brittany Montgomery, Project Coordinator, certifying that the "services itemized thereon for which charge is made were ordered and received."

TOWN OF CLARKSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

Rebecca L. Lockard, Attorney for the Town, stated the following in a letter dated October 27, 2011:

"There was only the agreement between the HDR and the Town, which was never canceled or terminated and preliminary engineering was still being performed."

3. No invoices for engineering services related to the "alternative analysis of three types of treatment processes" were presented for examination.

Rebecca L. Lockard, Attorney for the Town, stated the following in a letter dated October 27, 2011:

"There were issues related to the project that the Town requested HDR to address, which included emergency work to be completed on a broken effluent line. Further this work was part of the preliminary work that continued after the report was prepared."

No contract or contract amendment was presented for examination for emergency work on a broken effluent line.

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)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Rebecca L. Lockard, Attorney for the Town, stated the following in a letter dated October 27, 2011:

"At the time that the scope of the work or the purpose of the work changes on a contract, an amendment to the contract or a new contract will be submitted to the Town Council for approval at a Town Council meeting."

PURCHASE OF RESCUE BOAT AND TOW TRUCK (Applies to Town Council)

The Town was awarded \$137,625 grant as part of a Department of Homeland Security Port Security Grant Program received by the Louisville Port Authority. As part of the grant application the Town was required to complete an "Investment Justification" which included in part, an abstract of the investment and timelines for implementation and use of the grant funds. Investment outlined in the application listed a fire rescue boat, tow truck, and training and equipment.

Within the timeline for implementation, the Town stated that a planning and specification committee would be set up to determine the specification of the equipment needed and that this would be completed within six months of receiving grant confirmation. After finalization of the specification of the equipment needed, the Town stated they would request and evaluate bids within two months.

TOWN OF CLARKSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

Information in the grant file shows that the Planning and Specification Committee stage was completed prior to final funding approval by the Department of Homeland Security made on September 13, 2010. The revised "Investment Justification" dated October 12, 2009, detailed specification of the boat and tow truck to be purchased, including the specific manufacturer/brand of boat (Lake Assault Landing Craft) and truck (Ford F350) that was to be purchased.

The Town subsequently purchased a fire rescue boat, in the amount of \$121,100, from Lake Assault Boats, Inc., and a tow truck, in the amount of \$35,802 from Carriage Ford. The Town did not use the competitive bidding purchase method for the purchase of the fire rescue boat by inviting bids and did not obtain quotes or bids for the purchase of the tow truck. The Town used the special purchase method under Indiana Code 5-22-10-5 that states: "A purchasing agent may make a special purchase when there exists a unique opportunity to obtain supplies or services at a substantial savings to the governmental body."

No document was presented for examination to support that the purchases would result in substantial savings to the Town by not using the competitive bidding purchase method. The contract file shows that the primary reason stated for not using the competitive bidding purchase method was because the competitive bidding method could not be completed prior to the expiration of the grant period.

Competitive Bidding Requirements

All purchases are subject to the bidding requirements of Indiana Code 5-22-7 unless another purchasing method is authorized by statute and selected by the purchasing agency.

Indiana Code 5-22-7-1 states: "A purchasing agent shall follow the procedure described in this chapter in awarding a contract for supplies, unless another purchasing method is required or authorized by this article.

Indiana Code 5-22-7-5 states in part the following:

"(a) The purchasing agency shall give notice of the invitation for bids in the manner required by IC 5-3-1."

"(c) The purchasing agency for a political subdivision may also provide electronic access to the notice through: (1) the computer gateway administered by the office of technology; or (2) any other electronic means available to the political subdivision."

Purchases at Least \$50,000 and Less Than \$150,000

If a purchasing agency does not use the competitive bidding process, the small purchases method for purchases costing at least \$50,000 and less than \$150,000 may be used:

Indiana Code 5-22-8-3 states the following:

"(a) This section applies only if the purchasing agent expects the purchase to be:

- (1) at least fifty thousand dollars (\$50,000); and
- (2) not more than one hundred fifty thousand dollars (\$150,000).

TOWN OF CLARKSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (b) A purchasing agent may purchase supplies under this section by inviting quotes from at least three (3) persons known to deal in the lines or classes of supplies to be purchased.
- (c) The purchasing agent shall mail an invitation to quote to the persons described in subsection (b) at least seven (7) days before the time fixed for receiving quotes.
- (d) If the purchasing agent receives a satisfactory quote, the purchasing agent shall award a contract to the lowest responsible and responsive offeror for each line or class of supplies required.
- (e) The purchasing agent may reject all quotes.
- (f) If the purchasing agent does not receive a quote from a responsible and responsive offeror, the purchasing agent may purchase the supplies under IC 5-22-10-10."

Purchases less than \$50,000

Indiana Code 5-22-8-2 states:

"(a) This section applies only if the purchasing agent expects the purchase to be less than fifty thousand dollars (\$50,000).

(b) A purchasing agent may make a purchase under small purchase policies established by the purchasing agency or under rules adopted by the governmental body."

The Town Council has a small purchase policy for supply items costing \$5,000 or more (items costing less than \$5,000 may be purchased on the open market without solicitation of quotes). However, the policy does not state how many quotes are to be obtained by the purchasing agent; whether the quotes are to be written or verbal; or whether the quotes are to be submitted to the Clerk-Treasurer's office for monitoring purposes.

A small purchases policy should provide sufficient guidance as to the number or quotes required, the manner that quotes should be obtained, and be subject to monitoring for compliance in order to help avoid paying unreasonable or excessive costs.

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)

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 November 30, 2010, the Town purchased a backhoe used by the Street Department from MH Equipment that had a gross cost of \$92,885. The purchase was made after a trade-in allowance of Town equipment in the amount of \$69,646 with a net payment of \$23,239. No bids or quotes were presented for examination.

TOWN OF CLARKSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

A similar comment was reported in Report B37595 that was discussed with Town officials on August 30, 2010.

For equipment (supplies) costing \$50,000 to \$150,000, Indiana Code 5-22-7-5 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 Indiana Code 5-22-8-3.

Indiana Code 5-22-8-3 states:

". . . if the purchasing agent expects the purchase to be . . . at least \$50,000 and . . . not more than \$150,000 . . . the 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 . . ."

EMPLOYEE TIME RECORDS (Applies to Town Council)

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

1. Time records were not always being maintained and completed by the employees.
2. Time records did not always show the beginning and ending time that the employee worked each day.
3. Time records were not always signed by the employee certifying the accuracy of all time recorded.
4. Overtime logs maintained by the Street Department did not always record the specific overtime period worked by the employee.
5. Overtime logs maintained by the Street Department did not always contain the signature/initials of the timekeeper attesting to the approval of the overtime and actual overtime hours worked by the employee.

Section 4.02 (Time Keeping) 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 . . ."

Section 4.08 (Employment Classification and Overtime) of the "Employee Handbook for the Town of Clarksville (January 2009)" states in part the following:

". . . Work in excess of regular scheduled hours MUST be approved by the employee's supervisor . . ."

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

TOWN OF CLARKSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

The Federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor. (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., \$219,956 during the year of 2010 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 showed the hourly rate billed for each temporary employee. No contract was presented for examination for 2010 showing how this rate was determined. A contract was presented for 2011. Section 1 of the 2011 contract states in part in part:

". . . 1.1 Generally

1.1.1 Crown Services agrees to provide personnel ("Contract Employee") . . . The bill rate for this service is 40% of the pay rate.

1.1.2 Crown Services, Inc. agrees to provide our payroll services for employees of Town of Clarksville at a bill rate of 35% of the pay rate."

The 2011 contract did not specify or provide a schedule of what the "pay rate" would be for services provided by temporary employees. Invoices submitted by Crown Services, Inc., for both 2010 and 2011 to date, only showed the hourly rate billed and did not provide the actual "pay rate" used in calculating the hourly bill rate.

The Town Council has delegated the approval of rates paid to temporary employees to department heads through the passage of yearly ordinances that states 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."

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)

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)

TOWN OF CLARKSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

2. 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 not 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)

EMPLOYEES PAID FOR MEAL PERIODS (Applies to Town Council)

A review of payroll time records presented for examination showed the following for nonexempt employees including temporary contract employees provided through Crown Services Inc. (see Examination Result and Comment titled "Temporary Personnel Services").

1. The beginning and ending time of each meal period was not recorded and employees were compensated for meal periods.
2. Meal periods were also 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.

TOWN OF CLARKSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

A similar comment was reported in Report B37595. Report B37595 was discussed with Town officials on August 30, 2010. No documentation identifying nonexempt employees that are required to remain physically present at their work stations during meal periods was presented for examination. A review of payroll records during the year 2011 also showed that the beginning and ending time of each meal period was not being recorded and employees were compensated for their meal periods and meal periods were included as time worked when computing overtime pay.

Indiana Code 35-44-2-4 states in part the following:

"(a) A public servant who knowingly or intentionally:

- (1) hires an employee for the governmental entity that he serves; and
- (2) fails to assign to the employee any duties, or assigns to the employee any duties not related to the operation of the governmental entity; commits ghost employment, a Class D felony.

(b) A public servant who knowingly or intentionally assigns to an employee under his supervision any duties not related to the operation of the governmental entity that he serves commits ghost employment, a Class D felony.

(c) A person employed by a governmental entity who, knowing that he has not been assigned any duties to perform for the entity, accepts property from the entity commits ghost employment, a Class D felony.

(d) A person employed by a governmental entity who knowingly or intentionally accepts property from the entity for the performance of duties not related to the operation of the entity commits ghost employment, a Class D felony.

(e) Any person who accepts property from a governmental entity in violation of this section and any public servant who permits the payment of property in violation of this section are jointly and, severally liable to the governmental entity for that property. The attorney general may bring a civil action to recover that property in the county where the governmental entity is located or the person or public servant resides."

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)

TAKE-HOME VEHICLES (Applies to Town Council)

The Town provided take-home vehicles and fuel to an elected official and employees during the year 2010. The Town did not report this fringe benefit on Internal Revenue Service Form W-2. The following is a schedule of employees with take-home vehicles in which the value of this fringe benefit was not reported:

TOWN OF CLARKSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

Employee	Position
Gregory L. Isgrig	Town Council President
Richard Dickman	Director of Redevelopment
Donald Hansford	Street Commissioner
Gary Adamson	Street Department Foreman
Mike Huff	Street Department Foreman
Thomas Clevidence	Director of Storm Water
Robert Kaluzny	Park Director
BJ Nelson Lynton	Park Assistant
Lindsey Howlett	Park Recreation Director
Arthur Sprigler	Park Maintenance Foreman
Louis Bronson	Park Golf Course Supervisor
Bradley Cummins	Street Laborer

We noted the following regarding take-home vehicles:

1. No ordinance or policy was presented for examination authorizing an elected official or employee to be provided a take-home vehicle.

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)

2. Town officials stated that some employees only used the vehicles for commuting while some employees also used the vehicles for personal use.

Internal Revenue Service's 15-B (Employer's Tax Guide to Fringe Benefits) in section titled "Commuting Rule" states in part:

"Under this rule, you determine the value of a vehicle provided to an employee for commuting use by multiplying each one-way commute (that is, from home to work or from work to home) by \$1.50. . . . This amount must be included in the employee's wages or reimbursed by the employee . . ."

The above commuting rule applies only if the Town has established a written policy prohibiting personal use of a Town owned vehicle. No policy prohibiting personal use of Town owned vehicles was presented for examination.

Internal Revenue Service's Publication's 15-B (Employer's Tax Guide to Fringe Benefits) section titled "Commuting Rule" states in part regarding vehicle use states in part:

"You establish a written policy under which you do not allow the employee to use the vehicle for personal purposes other than for commuting or *de minis* use (such as a stop for a personal errand on the way between a business delivery and the employee's home). Personal use of a vehicle is all use that is not for your trade or business."

TOWN OF CLARKSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

Because the Town does not have written policy prohibiting personal use of take-home vehicles, employees would be required to maintain a vehicle log showing the business use of the take-home vehicles. The Town presented for examination a document titled "Take Home Vehicle Inventory and Annual Report" (Report) prepared for various employees. The Reports reviewed showed the total miles driven and total commuting miles traveled. However, the Report did not show odometer readings, date of business use, or provide a description of the business use. In addition, the employee was not required to certify the Report.

Internal Revenue Service's Publication 15-B (Employer's Tax Guide to Fringe Benefits) section titled "Lease Value Rule" states in part:

". . . If the automobile is used by the employee in your business, you generally reduce the lease value by the amount that is excluded from the employee's wages as a working condition benefit. In order to do this, the employee must account to the employer for the business use. This is done by substantiating the usage (mileage, for example), the time and place of the travel, and the business purpose of the travel. Written records made at the time of each business use are the best evidence. Any use of a company-provided vehicle that is not substantiated as business use is included in income. The working condition benefit is the amount that would be an allowable business expense deduction for the employee if the employee paid for the use of the vehicle. However, you can choose to include the entire lease value in the employee's wages . . ."

Whenever an item or other asset owned by the political subdivision is entrusted to an officer or employee, to be used at times outside the normal work time for business purposes, such as a cellular phone, or vehicle, a log should be maintained which clearly shows the business use. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

3. The Town provided fuel to employees with take-home vehicles in which personal use of the vehicle was allowed during the year 2010. This fringe benefit was not reported on Internal Revenue Service Form W-2.

Internal Revenue Service's Publication 15-B (Employer's Tax Guide to Fringe Benefits) section titled "Lease Value Rule" states in part:

". . . The annual lease value does not include the value of fuel you provide to an employee for personal use regardless of whether you provide it, reimburse its cost, or have it charged to you. You must include the value of the fuel separately in the employee's wages. You can value fuel you provided at FMV or at .55 cents per mile for all miles driven by the employee . . ."

4. During 2010, the Town provided an unmarked police vehicle to Gregory L. Isgrigg, an elected official, and did not report the lease value and fuel provided as a fringe benefit. Unmarked police vehicles used by law enforcement officers are considered by the Internal Revenue Service as nonpersonal use vehicles. Law enforcement officers authorized to take home police vehicles are allowed working condition benefit exclusion. Gregory L. Isgrigg was not a law enforcement officer and would not qualify for working condition benefit exclusion for the business use of the vehicle.

TOWN OF CLARKSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

Internal Revenue Service's Publication 15-B (Employer's Tax Guide to Fringe Benefits) states in part in the section titled "Working Condition Benefits" regarding the reporting of fair market value of an employer provided vehicle: "This exclusion applies to property and services you provide to an employee so that the employee can perform on his or her job . . ."

Internal Revenue Service's Publication 15-B (Employer's Tax Guide to Fringe Benefits) titled "Working Condition Benefits" and sub-section titled "Qualified nonpersonal-use vehicles" states in part:

"All of an employee's use of a qualified nonpersonal-use vehicle is a working condition benefit. A qualified nonpersonal-use vehicle is any vehicle the employee is not likely to use more than minimally for personal purposes because of its design. Qualified nonpersonal-use vehicles generally include all of the following vehicles.

. . . Unmarked vehicles used by law enforcement officers if the use is officially authorized. . . ."

Respective tax agencies should always be contacted concerning tax exemptions and payments. (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)

Gary Hall, Clerk-Treasurer, in a memorandum dated December 15, 2010, informed Town employees that taxes would be withheld commencing January 2011 for the personal use of take-home vehicles that would not be exempt.

FOOD AND BEVERAGES PROVIDED TO EMPLOYEES (Applies to Town Council)

Food and beverages totaling \$1,110 were purchased on behalf of Police Department and Street Department employees in connection with a local event referred to as "Thunder Over Louisville." Town officials stated the food and beverages were provided at the Town's expense because the employees were unable to leave their work stations during the event.

No Home Rule Ordinance providing the conditions authorizing the Town to pay for employee food and beverages in connection with special events was presented for examination.

Indiana Code 36-1-3-6 states in part:

"(a) If there is a constitutional or statutory provision requiring a specific manner for exercising a power, a unit wanting to exercise the power must do so in that manner.

(b) If there is no constitutional or statutory provision requiring a specific manner for exercising a power, a unit wanting to exercise the power must either:

TOWN OF CLARKSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (1) if the unit is a county or municipality, adopt an ordinance prescribing a specific manner for exercising the power; . . .
 - (3) comply with a statutory provision permitting a specific manner for exercising the power.
- (c) An ordinance under subsection (b)(1) must be adopted as follows:
- (1) In a municipality, by the legislative body of the municipality.
 - (2) In a county subject to IC 36-2-3.5 or IC 36-3-1, by the legislative body of the county.
 - (3) In any other county, by the executive of the county. . . ."

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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

The Town made the following payments from the Tax Increment Financing Fund during the year 2010 related to operating expenses and equipment purchases:

- 1. Payments totaling \$55,000 to Raymond's Lawn Care. The payments made to Raymond's Lawn Care consisted of:
 - a. \$46,200 paid on a contract to maintain the lawns and grounds area around the Clarksville Municipal Center, Veteran's Parkway, and Lewis and Clark Parkway.
 - b. \$7,300 paid on a contract to perform landscape maintenance for the Clarksville Little League Park.
 - c. \$1,500 paid on a contract for annual maintenance to landscape islands on Greentree North.
- 2. Payments totaling \$25,242 to Delta Services, LLC for the maintenance of street lights.
- 3. Payments totaling \$81,406 to McCulloch Volunteer Firefighter's Association, Inc. (Association). The contract with the Association shows the scope of the services to include providing maintenance and security personnel at Station No. 3 on a twenty-four (24) hour basis. The contract stipulates that the cost of the services provided is not to exceed \$150,000 annually. Monthly invoices submitted to the Redevelopment Commission by the Association consisted of monthly payroll records of the Association's personnel who provided the services during the applicable month.
- 4. Purchase of thirty (30) Motorola remote mount police radios at a cost of \$80,370.

TOWN OF CLARKSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

Statutes and Administrative Code Provisions Regarding Use of Tax Increment Financing

Indiana Code 36-7-14-39(b)(2) states in part the following:

"Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

- (A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.
- (B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.
- (C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.
- (D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements that are physically located in or physically connected to that allocation area.
- (E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.
- (F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.
- (G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) that are physically located in or physically connected to that allocation area.
- (H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to that allocation area under any lease entered into under IC 36-1-10.
- (I) For property taxes first due and payable before January 1, 2009, pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission . . .
- (J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

TOWN OF CLARKSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

- (i) in the allocation area; and
- (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance . . .

(L) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. . . .

The allocation fund may not be used for operating expenses of the commission."

Indiana Code 36-7-14-25.1(a) states in part:

"In addition to other methods of raising money for property acquisition or redevelopment in a redevelopment project area, and in anticipation of the special tax to be levied under section 27 of this chapter, the taxes allocated under section 39 of this chapter, or other revenues of the district, or any combination of these sources, the redevelopment commission may, by resolution . . . issue the bonds of the special taxing district in the name of the unit. The amount of the bonds may not exceed the total, as estimated by the commission, of all expenses reasonably incurred in connection with the acquisition and redevelopment of the property, including:

- (1) the total cost of all land, rights-of-way, and other property to be acquired and redeveloped;
- (2) all reasonable and necessary architectural, engineering, legal, financing, accounting, advertising, bond discount, and supervisory expenses related to the acquisition and redevelopment of the property or the issuance of bonds;
- (3) capitalized interest permitted by this chapter and a debt service reserve for the bonds to the extent the redevelopment commission determines that a reserve is reasonably required; and
- (4) expenses that the redevelopment commission is required or permitted to pay under IC 8-23-17."

Indiana Code 36-9-41-1 states:

"This chapter applies to the following:

- (1) A public work project that will cost the political subdivision not more than two million dollars (\$2,000,000).
- (2) An eligible efficiency project that will cost not more than three million dollars (\$3,000,000)."

TOWN OF CLARKSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 36-9-41-1.5 states:

"As used in this chapter, 'eligible efficiency project' means:

- (1) a project necessary or useful to carrying out an interlocal cooperation agreement entered into by two (2) or more political subdivisions or governmental entities under IC 36-1-7; or
- (2) a project necessary or useful to the consolidation of local government services."

Indiana Code 8-23-17 authorizes certain expenses related to relocation assistance.

Indiana Code 36-1-10 authorizes the acquisition of buildings and other structures by means of lease or lease- purchase.

50 Indiana Administrative Code 8-2-13(e) states in part: ". . . Supervisory expenses related to redevelopment projects in the allocation area that are paid to individuals retained to supervise such projects qualify as expenditures for which reimbursement can be made."

NO CONTRACT FOR SERVICES (Applies to Town Council)

Payments totaling \$1,540 were paid to B & L for lawn care services provided to the Wastewater Utility. No contract was presented for examination. The Town's purchasing policy does not address whether a purchasing agent or the Town Council is responsible for entering into a contract for services.

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)

AUTOMOTIVE MAINTENANCE AND REPAIR - INTERNAL CONTROLS (Applies to the Town Council)

The Town owns 140 vehicles of which maintenance and repair costs for 103 of these vehicles are paid from the Garage Department's General Fund budget rather than being billed to the applicable Town department. An internal service fund has not been established that would allocate these costs to the applicable department. As a result, there is no record that accurately provides operational costs for individual departments of the Town. During the year 2010, expenditures totaling \$338,478 were paid from the Garage Department.

Internal Service Funds are used to account for the financing of goods or services provided by one fund, department, or agency to other funds, departments, or agencies of the financial reporting entity on a cost reimbursement basis. The use of an internal service fund to allocate vehicle maintenance and repair costs to the appropriate Town departments could provide better accountability over the purchase and use of automotive repairs, parts and supplies.

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

TOWN OF CLARKSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

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 that lists individual customer balances showed the following variance at December 31, 2010:

Accounts Receivable	Wastewater Utility	Storm Water Utility	Totals
Reported on General Ledger *	\$ 828,171	\$ 211,280	\$ 1,039,451
Reported on Aged Trial Balance	<u>907,821</u>	<u>170,996</u>	<u>1,078,817</u>
Totals	<u>\$ (79,650)</u>	<u>\$ 40,284</u>	<u>\$ (39,366)</u>

*The balances as shown above include both current accounts receivable and delinquent accounts certified to the County Auditor for collections.

The Utility keeps separate records for current receivables and delinquent receivables accounts certified to the County Auditor for Collections. The variance, considering only the current accounts receivable balances, showed the detail accounts receivable aged trial balance exceeding the general ledger accounts receivable control by \$25,113, for both wastewater and storm water receivables. In comparison, at December 31, 2009, the general ledger accounts receivable control balance exceeded the detail accounts receivable aged trial balance by \$89,894, for the current accounts of both the 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)

TOWN OF CLARKSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS - GOVERNMENTAL ACTIVITIES (Applies to Town Council)

The Town maintains capital asset records identifying buildings and equipment for its governmental activities. However, additions and deletions to the capital asset records for infrastructure assets have not been updated since 2007. The Town is in the process of updating the capital asset records to account for all infrastructure assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS - BUSINESS-TYPE ACTIVITIES (Applies to Wastewater Utility)

The Utility does not maintain adequate capital asset records for its business-type activities. Additions and deletions to the capital asset records have not been recorded since 2006.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF CLARKSVILLE
EXIT CONFERENCE

The contents of this report were discussed on November 14, 2011, with Donald W. Tetley, Town Council member; Gary P. Hall, Clerk-Treasurer; Anita Elliott-Neeld, Deputy Clerk-Treasurer; Roberta McLemore, Deputy Clerk-Treasurer; and Chris Sturgeon, Town Attorney. The Official Response has been made a part of this report and may be found on pages 49 through 54.

The contents of this report related to the Redevelopment Commission were discussed on November 14, 2011, with Richard E. Dickman, Redevelopment Director; Donald W. Tetley, President of the Redevelopment Commission; Anita Elliott-Neeld, Deputy Clerk-Treasurer; and Chris Sturgeon, Town Attorney.

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December 23, 2011

Ron Robertson
State Board of Accounts
348 Muriel Drive
Scottsburg, Indiana 47170

RE: Report on Town of Clarksville, 2010

Dear Mr. Robertson:

I have had the opportunity to review and investigate the State Board of Account's report of the Town of Clarksville for the year 2010 and respond as follows:

Engineering Services Not Specified in Contract

The Town stands by its response as stated in the report. The engineer in question, Richard Davis, was billing at a rate less than authorized by the contract.

Engineering Contract—Scope of Services

It bears emphasizing that *the report does not claim the Town paid for services it did not receive.*

Purchase of Rescue Boat and Tow Truck

Indiana Code 5-22-10 authorizes "special purchases" to be made without soliciting bids or proposals. Indiana Code 5-22-10-5 authorizes a special purchase "when there exists a unique opportunity to obtain supplies or services at a substantial savings to the governmental body." The purchase of the new rescue boat and trailer was made under this section of law.

The purchase of both the rescue boat and the trailer was primarily funded by a grant from the Department of Homeland Security. The Clarksville Fire Department was under a time constraint to secure the grant funding. Before submittal of the grant application, the Fire Department searched for companies that could provide a boat meeting the Department's needs. That search had to take place quickly because the Department had only days to prepare the grant application. Part of the grant recommended that "adjoining public entities should consider standardization of boat/vehicle purchases to benefit from economies of scale." The Clarksville Fire Department reviewed the New Albany Fire Department's purchase of a rescue boat and made a determination

that an identical purchase by the Clarksville Fire Department would satisfy the grant's recommendation and could be specified within the application deadline. The belief was also that, if a boat identical to New Albany's was purchased, then, during a call for mutual aid between the two departments, personnel from either department could operate the boats.

If the Department had missed the application deadline, it would have lost the grant funds and would have had to pay for the rescue boat and accessories entirely from other funds of the Town. Securing the grant funds resulted in a substantial savings for this purchase.

No bids/quotes—Equipment purchased with Trade-in

The Town discontinued this cost-saving practice in 2011 and is keeping the backhoe it purchased in 2010 until a replacement is required.

Employee Time Records

These issues are being addressed with new procedures that should be in place and effective in the following years.

Temporary Personnel Services

The contract with Crown Services specifies that Crown Services will be paid 40% of the pay rate for employees provided by Crown Services and 35% of the pay rate if Crown Services only provides payroll services for an employee of the Street Department. The Street Department only uses Crown Services' payroll service; it does not obtain employees through Crown Services. The Street Department determines the employee's hourly rate and reports that hourly rate to Crown Services, which then charges 35% of the hourly rate as the fee, pursuant to the contract.

Although not specified by the contract, the "pay rate" is the hourly rate of the employee. This has been the course of dealing between Crown Services and the Street Department. A course of dealing between two parties to a contract can be used to show the intention of the parties and define terms. The course of dealing between Crown Services and the Street Department show that the "pay rate" is the hourly rate submitted by the Street Department.

The Street Department is instituting new procedures in 2012 to require time cards and signatures for the number of hours worked by the temporary employees.

Employees paid for Meal Periods

A change has been proposed to the Town's handbook to clarify that meal periods are to be included as time worked.

Take Home Vehicles

The Town previously had a policy in its handbook that was modified at the recommendation of its consultant, HR Integrity. That policy will be reviewed.

Food and Beverage Provided to Employees

The report faults the Town Council for payment of \$1,110.00 for food and beverages for police officers and street department employees during "Thunder Over Louisville," a public event drawing hundreds of thousands of people to the riverfront for one day. The report then concludes "public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit." The Town believes that provision of food and beverages to Town employees on duty at Thunder Over Louisville is an expense related to the functions and purposes of the Town. Crowd control, safety for hundreds of thousands, and traffic maintenance and control fall within the functions of the Town for that particular event.

Expenditures from Tax Increment Financing Fund

The payments to Raymond's Lawn Care for the lawns and grounds area the Municipal Center, Veterans Parkway and Lewis and Clark Parkway, the Little League Park and the islands on Greentree North and to Delta Services for street lights and for the purchase of police radios are authorized expenses of the Clarksville Redevelopment Commission.

Although IC 36-7-14-39 states that, "the allocation fund may not be used for operating expenses of the commission," the language restricts use of TIF funds for operating expenses of *the Commission*. These expenditures are not for salaries, supplies, or similar operating expenses of the Commission. They are used for public improvement projects.

IC 36-7-14-39(J) authorizes the Redevelopment Commission to "pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area." This statute authorizes the Redevelopment Commission to pay directly for "expenses incurred" for local public improvements that are in the allocation area or serving the allocation area.

There are no specific definitions of "public improvements" or "expenses incurred" in IC 36-7-14. The landscaping and streetlights mentioned in the report are within the Clarksville Redevelopment Commission's allocation area. They are public improvements, so any expenses incurred for such within the allocation area are appropriate. Police radios are also public improvements that serve Clarksville's allocation area.

Further, it seems logical that the upkeep of the improvement should be an appropriate expenditure or expense, or the Commission would find itself in the position of replacing improvements that could have been "saved," thereby wasting tax dollars.

The contract with McCulloch Volunteer Fire Department is being changed from the Redevelopment Commission to the Town.

No Contract for Services

A contract for these services will be obtained.

Automotive Maintenance and Repair—Internal Controls

The Town agrees to the need for this and will adopt an ordinance.

Accounts Receivable

This issue is being addressed with the assistance of Umbaugh and Associates, the Town's consulting accountants.

Capital Asset Records—Governmental Activities

The Town is actively working on updating its inventory.

Capital Asset Records—Business Activities

The Wastewater Utility is actively working on updating its inventory.

Thank you for the review, comments, and suggestions.

A handwritten signature in cursive script that reads "Christopher Sturgeon".

Christopher Sturgeon
Clarksville Town Attorney

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September 30, 2011

Gary Hall
Clerk-Treasurer
2000 Broadway
Clarksville, Indiana 47129

RE: Use of TIFF Funds

Dear Gary:

I have been asked about the use of money from the Allocation Area (TIF) to pay for landscaping services by Raymond's Lawn Care, LLC in the allocation area.

Although IC 36-7-14-39 states that, "the allocation fund may not be used for operating expenses of the commission," it is my opinion that these expenditures are authorized. First, the language restricts use of TIF funds for operating expenses of *the Commission*. These expenditures are not for salaries, supplies, or similar operating expenses of the Commission. They are used for public improvement projects as follows:

IC 36-7-14-39 authorizes Redevelopment Commissions to spend TIF money for the following purposes, among others:

"(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) [IC 36-7-14-25.1(a)] of this chapter that are physically located in or physically connected to that allocation area,"

and to

"(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter."

Subsection G authorizes indirect payments by the Redevelopment Commission by authorizing reimbursements to the "unit" (i.e. Town government). If the Redevelopment Commission purchased landscaping (a public improvement) that are physically located in or physically connected to the Area, and the Town pays the ongoing expenses to sustain them (an "expenditure

made by it for local public improvement”), then the Redevelopment Commission can reimburse the Town for that expenditure. This is a mere bookkeeping matter.

Subsection J authorizes the Redevelopment Commission to pay directly for “expenses incurred” for local public improvements that are in the allocation area or serving the allocation area. Landscaping is a public improvement, so any expenses incurred for such within the allocation area are appropriate.

There are no specific definitions of “public improvements” in IC 36-7-14, “expenditures” (subsection G) or “expenses incurred” (subsection J), but it seems logical that the upkeep of the improvement should be an appropriate expenditure or expense, or the Commission would find itself in the position of replacing improvements that could have been “saved,” thereby wasting tax dollars. In my opinion, these expenditures are authorized by these statutes, either through reimbursement to the Town or directly by the Commission.

Sincerely,

A handwritten signature in cursive script that reads "Christopher Sturgeon".

Christopher Sturgeon

Town Attorney