

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF CLARKSVILLE
CLARK COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
09/11/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Robert P. Leuthart	01-01-12 to 12-31-15
President of the Town Council	Bob Polston	01-01-13 to 12-31-15



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Town of Clarksville (Town), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the year ended December 31, 2013.

Opinion on Regulatory Basis of Accounting

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, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 11, 2015, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.


Accompanying Information

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis and Schedule of Leases and 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 auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.


Paul D. Joyce, CPA
State Examiner

June 11, 2015



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Town of Clarksville (Town), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated June 11, 2015, wherein we noted the Town followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 and 2013-002 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Town's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-002.

Town of Clarksville's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

June 11, 2015

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
FEDERAL JAG GRANT #5 POLICE RADAR GUNS	\$ -	\$ 12,345	\$ 12,345	\$ -
GENERAL	3,284,517	10,098,550	9,484,495	3,898,572
MOTOR VEHICLE HIGHWAY	947,375	656,732	767,443	836,664
LOCAL ROAD AND STREET	698,414	204,849	491,732	411,531
NR HISTORIC PRESERVATION COMMISSION	-	49,375	43,290	6,085
ECONOMIC DEVELOPMENT	2,427	-	-	2,427
UNSAFE BUILDING	90,215	74,903	14,231	150,887
NR POLICE REIMBURSEMENT OF GRANT FUNDS	-	19,610	12,851	6,759
LAW ENFORCEMENT CONTINUING EDUCATION	12,167	16,228	17,759	10,636
NR ELECTRONIC MAPPING FEES	-	54	-	54
PARKS AND RECREATION OPERATING	600,929	1,836,646	2,166,946	270,629
USER FEE	53,052	31,230	49,868	34,414
RAINY DAY	3,882,363	886,960	632,978	4,136,345
NR POLICE FEDERAL/SEIZED	-	4,354	-	4,354
FIREFIGHTING	170	3,655,462	3,638,085	17,547
CUMULATIVE CAPITAL IMPROVEMENT	1,585,980	58,318	43,861	1,600,437
CUMULATIVE CAPITAL DEVELOPMENT	1,110,170	257,849	363,303	1,004,716
CUMULATIVE FIRE BUILDING AND EQUIPMENT	275,085	111,411	117,984	268,512
CUMULATIVE PARK FUND	59,580	86,074	123,343	22,311
CEDIT	3,551,349	968,296	983,991	3,535,654
TIF	7,520,373	5,496,077	5,566,233	7,450,217
POLICE PENSION	116,330	413,655	434,642	95,343
FIRE PENSION	192,142	544,824	621,001	115,965
LOIT - PUBLIC SAFETY	1,933,782	1,027,586	1,031,876	1,929,492
TOWN PETTY CASH	875	-	-	875
PARKS PETTY CASH	2,200	-	-	2,200
PROBATION USER FEE	14,819	125,860	83,860	56,819
PARKS AND RECREATION DONATION	41,025	1,434	372	42,087
DONATION	113,278	13,918	31,758	95,438
COURT RECORD PERPETUATION	10,989	2,580	4,280	9,289
TOWED VEHICLE NONREVERTING	16,174	37,950	41,753	12,371
CONTROLLED SUBSTANCE TAX	2,545	-	-	2,545
BOND PROCEEDS 2011 BANS	1,345,158	-	189,479	1,155,679
TOURISM BUREAU REVENUE BOND	99,014	-	46,456	52,558
TOURISM PROJECT 2011 BOND	324,339	-	324,339	-
2007 DEBT SERVICE RESERVE	452,000	-	-	452,000
2008 DEBT SERVICE RESERVE	300,000	-	-	300,000
FEDERAL GRANT	-	492,972	492,972	-
HOMETOWN FORESTRY	1,146	-	-	1,146
FEMA RELIEF '11 WINDSTORM	73,783	-	-	73,783
FEDERAL STIMULUS JAG GRANT #1 POLICE SOFTWARE	228	-	-	228
FEDERAL CHRP STIMULUS THRU 0812	163,468	82,246	245,714	-
FEDERAL GRANT CMAQ POTTERS/BLACKISTON MILL ROAD	-	81,094	81,094	-
FEDERAL GRANT/HSIP-HIGHWAY SAFE	-	129,447	129,447	-
FEDERAL GRANT PGSP/09-POLICE RADIOS	-	126,848	117,081	9,767
FEDERAL GRANT PGSP/11-FIRE DIVE	-	59,138	57,725	1,413
COURT COST DUE COUNTY	-	24,750	24,750	-
NR POLICE FORFEITED/SEIZED	22,064	11,521	3,000	30,585
NR CLEAN UP FEE-FIRE	15,745	3,027	6,624	12,148
MC REFUELING STATION	28,317	247,848	238,733	37,432
VEHICLE MAINTENANCE REPAIR -VMR	(932)	263,589	214,849	47,808
TOWN COURT OPERATING	104,801	472,883	463,343	114,341
2007 PARKS REVENUE BOND	462,790	-	-	462,790
3RD PARTY INSURANCE	70,651	2,930,274	2,956,350	44,575

The notes to the financial statement are 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, 2013
(Continued)

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
NR INSURANCE	6,973,437	2,930,783	3,607,074	6,297,146
URM/DDC DISB CONTROL	7,560	4,479	6,326	5,713
NR SENIOR TRIP	39,190	77,919	70,904	46,205
NR PARK REFUNDS	6,102	13,450	12,750	6,802
NR ACCUMULATED LEAVE TIME	39,158	-	-	39,158
PAYROLL NET WAGES	-	1,288,117	1,288,117	-
FEDERAL TAXES	-	1,265,945	1,265,945	-
FICA/MED	-	1,090,804	1,090,804	-
STATE	-	346,586	346,586	-
COUNTY	-	184,072	184,072	-
PERF W/H	-	11,553	11,553	-
VOLUNTARY PERF	-	63,268	63,268	-
EE HEALTH INSURANCE	-	23,917	23,917	-
EQUITABLE INSURANCE	-	1,013	1,013	-
LOCAL 2594	-	10,785	10,785	-
POLICE FOP DUES	-	13,763	13,763	-
CREDIT UNION	-	129,618	129,618	-
UNITED FUND	-	963	963	-
COLONIAL LIFE INS	-	321	321	-
GARNISHMENTS-EFT	-	54,034	54,034	-
AFLAC 125	-	25,602	25,602	-
AFLAC TAXABLE	-	17,834	17,834	-
DENTAL	-	3,191	3,191	-
VISION	-	910	910	-
IRA TAXABLE	-	720	720	-
AFLAC URM-CHILD	-	4,479	4,479	-
SECTION 457	-	51,508	51,508	-
EE ANNUAL HEALTH	-	184	184	-
DIRECT DEPOSIT	-	5,989,566	5,989,566	-
MASS MUTUAL INSURANCE	-	1,303	1,303	-
CHILD SUPPORT	-	9,427	9,427	-
PAYROLL BANK ACCOUNT SERVICE CHARGES	100	-	-	100
COMPANION LIFE INSURANCE	-	4,696	4,696	-
PRE-PAID LEGAL SERVICES	-	4,015	4,015	-
ATHLETIC CLUB MEMBERSHIP	-	8,165	8,165	-
GARNISHMENT #2	-	496	496	-
GARNISHMENT #3	-	4,195	4,195	-
GARNISHMENT #4	-	4,200	4,200	-
AFLAC-CRITICAL ILL(TAXABLE)	-	10,692	10,692	-
AFLAC-ACCIDENT(SEC 125)	-	9,926	9,926	-
GARNISHMENT #6	-	193	193	-
ONE AMERICA	-	16,583	16,583	-
GARNISHMENT #7	-	6,129	6,129	-
RETAINAGE	14,129	-	-	14,129
STORMWATER OPERATING	1,231,975	1,402,557	849,800	1,784,732
WW/SW DEBT RESERVE	-	136,042	-	136,042
WW/SW CONSTRUCTION BOND	-	27,535,371	5,195,484	22,339,887
WASTEWATER OPERATING	1,578,080	4,694,495	4,073,197	2,199,378
WASTEWATER BOND AND INTEREST REDEMPTION	815,818	1,502,125	1,342,212	975,731
SEWAGE WORKS (BANS)	3,702,089	39,597	2,936,539	805,147
WASTEWATER PETTY CASH/CASH CHANGE	1,400	-	-	1,400
Totals	<u>\$ 43,989,935</u>	<u>\$ 80,614,358</u>	<u>\$ 61,125,295</u>	<u>\$ 63,478,998</u>

The notes to the financial statement are 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, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the Town.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 statement. The aggregate receipts include 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).

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 statement. The aggregate disbursements include 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.

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

TOWN OF CLARKSVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

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 a cost-sharing 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 Indiana Public Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

TOWN OF CLARKSVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

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 Indiana Public Retirement System 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 Indiana Public Retirement System 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 Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the Town are established by the Board of Trustees of INPRS.

Note 7. Other Postemployment Benefits

The Town provides to eligible retirees and their spouses health insurance benefits. These benefits pose a liability to the Town for this year and in future years. Information regarding the benefits can be obtained by contacting the Town.

Note 8. Subsequent Event

On August 18, 2014, the Town Council amended Ordinance 2013-B-02 to include the issuance of Sewage Works Revenue Bonds of 2014 in the amount of \$9,995,000 for the purpose of paying the costs of certain additions, extensions, and improvements to the Town's Municipal Storm Water Utility.

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SUPPLEMENTARY INFORMATION - UNAUDITED

For additional financial information, the Town's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement 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 audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was 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, 2013

	FEDERAL JAG GRANT #5 POLICE RADAR GUNS	GENERAL	MOTOR VEHICLE HIGHWAY	LOCAL ROAD AND STREET	NR HISTORIC PRESERVATION COMMISSION	ECONOMIC DEVELOPMENT	UNSAFE BUILDING	NR POLICE REIMBURSEMENT OF GRANT FUNDS
Cash and investments - beginning	\$ -	\$ 3,284,517	\$ 947,375	\$ 698,414	\$ -	\$ 2,427	\$ 90,215	\$ -
Receipts:								
Taxes	-	5,054,869	-	-	-	-	52,357	-
Licenses and permits	-	277,941	-	-	-	-	-	-
Intergovernmental	-	3,991,979	643,782	204,849	-	-	3,728	-
Charges for services	-	255,226	-	-	-	-	-	19,610
Fines and forfeits	-	42,613	-	-	-	-	-	-
Other receipts	12,345	475,922	12,950	-	49,375	-	18,818	-
Total receipts	12,345	10,098,550	656,732	204,849	49,375	-	74,903	19,610
Disbursements:								
Personal services	-	7,416,242	452,814	-	-	-	1,077	12,851
Supplies	-	569,358	135,550	-	-	-	-	-
Other services and charges	-	1,498,895	144,123	362,299	43,290	-	13,154	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	34,956	129,433	-	-	-	-
Other disbursements	12,345	-	-	-	-	-	-	-
Total disbursements	12,345	9,484,495	767,443	491,732	43,290	-	14,231	12,851
Excess (deficiency) of receipts over disbursements	-	614,055	(110,711)	(286,883)	6,085	-	60,672	6,759
Cash and investments - ending	\$ -	\$ 3,898,572	\$ 836,664	\$ 411,531	\$ 6,085	\$ 2,427	\$ 150,887	\$ 6,759

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	LAW ENFORCEMENT CONTINUING EDUCATION	NR ELECTRONIC MAPPING FEES	PARKS AND RECREATION OPERATING	USER FEE	RAINY DAY	NR POLICE FEDERAL/SEIZED	FIREFIGHTING
Cash and investments - beginning	\$ 12,167	\$ -	\$ 600,929	\$ 53,052	\$ 3,882,363	\$ -	\$ 170
Receipts:							
Taxes	-	-	-	-	-	-	3,139,193
Licenses and permits	10,330	-	-	-	-	-	-
Intergovernmental	-	-	60,078	-	-	-	220,009
Charges for services	5,898	54	1,772,931	4,540	-	-	18,000
Fines and forfeits	-	-	-	26,690	-	4,354	-
Other receipts	-	-	3,637	-	886,960	-	278,260
Total receipts	16,228	54	1,836,646	31,230	886,960	4,354	3,655,462
Disbursements:							
Personal services	-	-	1,309,102	-	-	-	3,311,525
Supplies	3,180	-	310,990	5,088	-	-	69,425
Other services and charges	14,579	-	536,537	44,780	-	-	257,135
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	10,317	-	-	-	-
Other disbursements	-	-	-	-	632,978	-	-
Total disbursements	17,759	-	2,166,946	49,868	632,978	-	3,638,085
Excess (deficiency) of receipts over disbursements	(1,531)	54	(330,300)	(18,638)	253,982	4,354	17,377
Cash and investments - ending	\$ 10,636	\$ 54	\$ 270,629	\$ 34,414	\$ 4,136,345	\$ 4,354	\$ 17,547

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	CUMULATIVE CAPITAL IMPROVEMENT	CUMULATIVE CAPITAL DEVELOPMENT	CUMULATIVE FIRE BUILDING AND EQUIPMENT	CUMULATIVE PARK FUND	CREDIT	TIF	POLICE PENSION
Cash and investments - beginning	\$ 1,585,980	\$ 1,110,170	\$ 275,085	\$ 59,580	\$ 3,551,349	\$ 7,520,373	\$ 116,330
Receipts:							
Taxes	-	240,708	104,114	80,381	-	5,446,706	55,757
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	58,318	17,141	7,297	5,693	968,296	-	3,970
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	49,371	353,928
Total receipts	58,318	257,849	111,411	86,074	968,296	5,496,077	413,655
Disbursements:							
Personal services	-	-	-	-	153,631	-	163,939
Supplies	-	-	-	-	21,911	-	-
Other services and charges	-	-	-	-	711,975	512,044	270,703
Debt service - principal and interest	-	-	-	-	-	2,757,320	-
Capital outlay	43,861	363,303	117,984	123,343	96,474	2,296,869	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	43,861	363,303	117,984	123,343	983,991	5,566,233	434,642
Excess (deficiency) of receipts over disbursements	14,457	(105,454)	(6,573)	(37,269)	(15,695)	(70,156)	(20,987)
Cash and investments - ending	\$ 1,600,437	\$ 1,004,716	\$ 268,512	\$ 22,311	\$ 3,535,654	\$ 7,450,217	\$ 95,343

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	FIRE PENSION	LOIT - PUBLIC SAFETY	TOWN PETTY CASH	PARKS PETTY CASH	PROBATION USER FEE	PARKS AND RECREATION DONATION	DONATION
Cash and investments - beginning	\$ 192,142	\$ 1,933,782	\$ 875	\$ 2,200	\$ 14,819	\$ 41,025	\$ 113,278
Receipts:							
Taxes	65,845	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	4,615	1,027,586	-	-	-	-	-
Charges for services	-	-	-	-	125,860	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	474,364	-	-	-	-	1,434	13,918
Total receipts	<u>544,824</u>	<u>1,027,586</u>	<u>-</u>	<u>-</u>	<u>125,860</u>	<u>1,434</u>	<u>13,918</u>
Disbursements:							
Personal services	620,997	-	-	-	83,860	-	-
Supplies	-	269,310	-	-	-	372	206
Other services and charges	4	666,478	-	-	-	-	31,552
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	96,088	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>621,001</u>	<u>1,031,876</u>	<u>-</u>	<u>-</u>	<u>83,860</u>	<u>372</u>	<u>31,758</u>
Excess (deficiency) of receipts over disbursements	<u>(76,177)</u>	<u>(4,290)</u>	<u>-</u>	<u>-</u>	<u>42,000</u>	<u>1,062</u>	<u>(17,840)</u>
Cash and investments - ending	<u>\$ 115,965</u>	<u>\$ 1,929,492</u>	<u>\$ 875</u>	<u>\$ 2,200</u>	<u>\$ 56,819</u>	<u>\$ 42,087</u>	<u>\$ 95,438</u>

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	COURT RECORD PERPETUATION	TOWED VEHICLE NONREVERTING	CONTROLLED SUBSTANCE TAX	BOND PROCEEDS 2011 BANS	TOURISM BUREAU REVENUE BOND	TOURISM PROJECT 2011 BOND	2007 DEBT SERVICE RESERVE
Cash and investments - beginning	\$ 10,989	\$ 16,174	\$ 2,545	\$ 1,345,158	\$ 99,014	\$ 324,339	\$ 452,000
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	37,950	-	-	-	-	-
Other receipts	2,580	-	-	-	-	-	-
Total receipts	2,580	37,950	-	-	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	41,753	-	-	-	-	-
Other services and charges	4,280	-	-	-	46,456	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	189,479	-	324,339	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	4,280	41,753	-	189,479	46,456	324,339	-
Excess (deficiency) of receipts over disbursements	(1,700)	(3,803)	-	(189,479)	(46,456)	(324,339)	-
Cash and investments - ending	\$ 9,289	\$ 12,371	\$ 2,545	\$ 1,155,679	\$ 52,558	\$ -	\$ 452,000

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	2008 DEBT SERVICE RESERVE	FEDERAL GRANT	HOMETOWN FORESTRY	FEMA RELIEF '11 WINDSTORM	FEDERAL STIMULUS JAG GRANT #1 POLICE SOFTWARE	FEDERAL CHRP STIMULUS THRU 0812	FEDERAL GRANT CMAQ POTTERS/ BLACKISTON MILL ROAD
Cash and investments - beginning	\$ 300,000	\$ -	\$ 1,146	\$ 73,783	\$ 228	\$ 163,468	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	372,460	-	-	-	82,246	36,352
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	120,512	-	-	-	-	44,742
Total receipts	-	492,972	-	-	-	82,246	81,094
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	29,357	-	-	-	-	81,094
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	463,615	-	-	-	245,714	-
Total disbursements	-	492,972	-	-	-	245,714	81,094
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(163,468)	-
Cash and investments - ending	\$ 300,000	\$ -	\$ 1,146	\$ 73,783	\$ 228	\$ -	\$ -

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	FEDERAL GRANT/ HISP-HIGHWAY SAFE	FEDERAL GRANT PGSP/09-POLICE RADIOS	FEDERAL GRANT PGSP/11-FIRE DIVE	COURT COST DUE COUNTY	NR POLICE FORFEITED/ SEIZED	NR CLEAN UP FEE-FIRE	MC REFUELING STATION
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 22,064	\$ 15,745	\$ 28,317
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	126,848	59,138	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	11,521	3,027	-
Other receipts	129,447	-	-	24,750	-	-	247,848
Total receipts	<u>129,447</u>	<u>126,848</u>	<u>59,138</u>	<u>24,750</u>	<u>11,521</u>	<u>3,027</u>	<u>247,848</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	6,624	238,733
Other services and charges	57,313	-	-	24,750	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	72,134	117,081	57,725	-	3,000	-	-
Total disbursements	<u>129,447</u>	<u>117,081</u>	<u>57,725</u>	<u>24,750</u>	<u>3,000</u>	<u>6,624</u>	<u>238,733</u>
Excess (deficiency) of receipts over disbursements	-	9,767	1,413	-	8,521	(3,597)	9,115
Cash and investments - ending	<u>\$ -</u>	<u>\$ 9,767</u>	<u>\$ 1,413</u>	<u>\$ -</u>	<u>\$ 30,585</u>	<u>\$ 12,148</u>	<u>\$ 37,432</u>

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	VEHICLE MAINTENANCE REPAIR -VMR	TOWN COURT OPERATING	2007 PARKS REVENUE BOND	3RD PARTY INSURANCE	NR INSURANCE	URM/DDC DISB CONTROL	NR SENIOR TRIP
Cash and investments - beginning	\$ (932)	\$ 104,801	\$ 462,790	\$ 70,651	\$ 6,973,437	\$ 7,560	\$ 39,190
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	263,589	472,883	-	2,930,274	2,930,783	4,479	77,919
Total receipts	<u>263,589</u>	<u>472,883</u>	<u>-</u>	<u>2,930,274</u>	<u>2,930,783</u>	<u>4,479</u>	<u>77,919</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	206,883	-	-	-	-	-	-
Other services and charges	-	-	-	2,956,350	3,607,074	6,326	70,904
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	7,966	463,343	-	-	-	-	-
Total disbursements	<u>214,849</u>	<u>463,343</u>	<u>-</u>	<u>2,956,350</u>	<u>3,607,074</u>	<u>6,326</u>	<u>70,904</u>
Excess (deficiency) of receipts over disbursements	<u>48,740</u>	<u>9,540</u>	<u>-</u>	<u>(26,076)</u>	<u>(676,291)</u>	<u>(1,847)</u>	<u>7,015</u>
Cash and investments - ending	<u>\$ 47,808</u>	<u>\$ 114,341</u>	<u>\$ 462,790</u>	<u>\$ 44,575</u>	<u>\$ 6,297,146</u>	<u>\$ 5,713</u>	<u>\$ 46,205</u>

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	NR PARK REFUNDS	NR ACCUMULATED LEAVE TIME	PAYROLL NET WAGES	FEDERAL TAXES	FICA/MED	STATE	COUNTY
Cash and investments - beginning	\$ 6,102	\$ 39,158	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	13,450	-	1,288,117	1,265,945	1,090,804	346,586	184,072
Total receipts	<u>13,450</u>	<u>-</u>	<u>1,288,117</u>	<u>1,265,945</u>	<u>1,090,804</u>	<u>346,586</u>	<u>184,072</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	12,750	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	1,288,117	1,265,945	1,090,804	346,586	184,072
Total disbursements	<u>12,750</u>	<u>-</u>	<u>1,288,117</u>	<u>1,265,945</u>	<u>1,090,804</u>	<u>346,586</u>	<u>184,072</u>
Excess (deficiency) of receipts over disbursements	<u>700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 6,802</u>	<u>\$ 39,158</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, 2013
 (Continued)

	PERF W/H	VOLUNTARY PERF	EE HEALTH INSURANCE	EQUITABLE INSURANCE	LOCAL 2594	POLICE FOP DUES	CREDIT UNION
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	11,553	63,268	23,917	1,013	10,785	13,763	129,618
Total receipts	<u>11,553</u>	<u>63,268</u>	<u>23,917</u>	<u>1,013</u>	<u>10,785</u>	<u>13,763</u>	<u>129,618</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	11,553	63,268	23,917	1,013	10,785	13,763	129,618
Total disbursements	<u>11,553</u>	<u>63,268</u>	<u>23,917</u>	<u>1,013</u>	<u>10,785</u>	<u>13,763</u>	<u>129,618</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-
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, 2013
 (Continued)

	UNITED FUND	COLONIAL LIFE INS	GARNISHMENTS- EFT	AFLAC 125	AFLAC TAXABLE	DENTAL	VISION
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	963	321	54,034	25,602	17,834	3,191	910
Total receipts	<u>963</u>	<u>321</u>	<u>54,034</u>	<u>25,602</u>	<u>17,834</u>	<u>3,191</u>	<u>910</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	963	321	54,034	25,602	17,834	3,191	910
Total disbursements	<u>963</u>	<u>321</u>	<u>54,034</u>	<u>25,602</u>	<u>17,834</u>	<u>3,191</u>	<u>910</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-
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, 2013
 (Continued)

	IRA TAXABLE	AFLAC URM-CHILD	SECTION 457	EE ANNUAL HEALTH	DIRECT DEPOSIT	MASS MUTUAL INSURANCE	CHILD SUPPORT
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	720	4,479	51,508	184	5,989,566	1,303	9,427
Total receipts	<u>720</u>	<u>4,479</u>	<u>51,508</u>	<u>184</u>	<u>5,989,566</u>	<u>1,303</u>	<u>9,427</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	1,303	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	720	4,479	51,508	184	5,989,566	-	9,427
Total disbursements	<u>720</u>	<u>4,479</u>	<u>51,508</u>	<u>184</u>	<u>5,989,566</u>	<u>1,303</u>	<u>9,427</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-
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, 2013
 (Continued)

	PAYROLL BANK ACCOUNT SERVICE CHARGES	COMPANION LIFE INSURANCE	PRE-PAID LEGAL SERVICES	ATHLETIC CLUB MEMBERSHIP	GARNISHMENT #2	GARNISHMENT #3	GARNISHMENT #4
Cash and investments - beginning	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	4,696	4,015	8,165	496	4,195	4,200
Total receipts	-	4,696	4,015	8,165	496	4,195	4,200
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	4,696	4,015	8,165	496	4,195	4,200
Total disbursements	-	4,696	4,015	8,165	496	4,195	4,200
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-
Cash and investments - ending	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	AFLAC-CRITICAL ILL(TAXABLE)	AFLAC - ACCIDENT (SEC 125)	GARNISHMENT #6	ONE AMERICA	GARNISHMENT #7	RETAINAGE	STORMWATER OPERATING
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,129	\$ 1,231,975
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	10,692	9,926	193	16,583	6,129	-	1,402,557
Total receipts	10,692	9,926	193	16,583	6,129	-	1,402,557
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	10,692	9,926	193	16,583	6,129	-	849,800
Total disbursements	10,692	9,926	193	16,583	6,129	-	849,800
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	552,757
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,129	\$ 1,784,732

TOWN OF CLARKSVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	WW/SW DEBT RESERVE	WW/SW CONSTRUCTION BOND	WASTEWATER OPERATING	WASTEWATER BOND AND INTEREST REDEMPTION	SEWAGE WORKS (BANS)	WASTEWATER PETTY CASH/ CASH CHANGE	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 1,578,080	\$ 815,818	\$ 3,702,089	\$ 1,400	\$ 43,989,935
Receipts:							
Taxes	-	-	-	-	-	-	14,239,930
Licenses and permits	-	-	-	-	-	-	288,271
Intergovernmental	-	-	-	-	-	-	7,894,385
Charges for services	-	-	-	-	-	-	2,202,119
Fines and forfeits	-	-	-	-	-	-	126,155
Other receipts	136,042	27,535,371	4,694,495	1,502,125	39,597	-	55,863,498
Total receipts	136,042	27,535,371	4,694,495	1,502,125	39,597	-	80,614,358
Disbursements:							
Personal services	-	-	-	-	-	-	13,526,038
Supplies	-	-	-	-	-	-	1,879,383
Other services and charges	-	-	-	-	-	-	12,005,505
Debt service - principal and interest	-	-	-	-	-	-	2,757,320
Capital outlay	-	-	-	-	-	-	3,826,446
Other disbursements	-	5,195,484	4,073,197	1,342,212	2,936,539	-	27,130,603
Total disbursements	-	5,195,484	4,073,197	1,342,212	2,936,539	-	61,125,295
Excess (deficiency) of receipts over disbursements	136,042	22,339,887	621,298	159,913	(2,896,942)	-	19,489,063
Cash and investments - ending	\$ 136,042	\$ 22,339,887	\$ 2,199,378	\$ 975,731	\$ 805,147	\$ 1,400	\$ 63,478,998

TOWN OF CLARKSVILLE
SCHEDULE OF LEASES AND DEBT
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Clarksville Redevelopment Authority	Golf Course	\$ 159,500	09/15/11	02/01/21
Clarksville Redevelopment Authority	Fire station	259,500	02/01/12	02/01/22
Clarksville Redevelopment Authority	Little League Park	416,069	11/01/07	01/15/27
Clarksville Redevelopment Authority	Eastern Boulevard infrastructure	388,418	07/29/08	01/15/18
Clarksville Redevelopment Authority	Lewis and Clark infrastructure	<u>513,500</u>	11/19/12	01/15/23
Total governmental activities		<u>1,736,987</u>		
Total of annual lease payments		<u>\$ 1,736,987</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Tax anticipation warrants	2011 Taxable Bond Anticipation Note	\$ 1,600,000	\$ 573,900
Notes and loans payable	Indiana Department of Transportation loan for Veterans Parkway infrastructure	<u>2,153,928</u>	<u>240,660</u>
Total governmental activities		<u>3,753,928</u>	<u>814,560</u>
Wastewater:			
Revenue bonds	2009 Sewage Works Refunding Bonds	2,875,000	535,443
Revenue bonds	2005 Sewage Works Refunding Bonds	6,540,000	502,949
Revenue bonds	2013 Sewage Works Revenue Bonds	27,800,000	1,589,550
Tax anticipation warrants	2012 Sewage Works Bond Anticipation Note	<u>1,100,000</u>	<u>1,104,125</u>
Total Wastewater		<u>38,315,000</u>	<u>3,732,067</u>
Other:			
Revenue bonds	2011 Capital Development Tourism Bonds*	980,787	143,589
Revenue bonds	2008 Capital Development Tourism Bonds*	<u>114,077</u>	<u>26,959</u>
Total Other		<u>1,094,864</u>	<u>170,548</u>
Totals		<u>\$ 43,163,792</u>	<u>\$ 4,717,175</u>

*Pursuant to IC 6-9-3-6(a), the Town has signed agreements with the Clark-Floyd Counties Convention and Tourism Bureau pledging payment of 100% of the principal and interest on the Town's 2002, 2008, and 2011 Tourism Bonds by the Tourism Bureau. The bonds and interest thereon do not constitute a general obligation of the Town but do count as indebtedness of the Town within the meaning of the Constitution and laws of the State. The bonds are not a charge against the general credit or taxing power of the Town but are a limited obligation of the Town payable solely from and secured solely by the amounts pledged to such payment.

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for the Major Federal Program

We have audited the Town of Clarksville's (Town) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2013. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on the Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Report on Internal Control Over Compliance


Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2013-003 to be material weaknesses.

The Town's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

June 11, 2015

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the Town. The schedule and note are presented as intended by the Town.

TOWN OF CLARKSVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Office of Community and Rural Affairs	14.228	EDS# A192-12-PL-015	\$ <u>49,371</u>
<u>U.S. Department of Justice</u>				
ARRA - Public Safety Partnership and Community Policing Grants	Direct grant	16.710	2009-RK-WX-0338	<u>82,246</u>
<u>U.S. Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation	20.205	Des. No. 1005844	<u>36,351</u>
Total - Highway Planning and Construction Cluster				<u>36,351</u>
National Infrastructure Investments	Indiana Department of Transportation	20.933	Des. No. 0200120	<u>372,460</u>
Total - U.S. Department of Transportation				<u>408,811</u>
<u>U.S. Department of Homeland Security</u>				
Port Security Grant Program	Larry Allen, LLC	97.056	2011-PU-KO-0245	59,138
		97.056	2009-PU-T9-K017	<u>126,848</u>
Total - U.S. Department of Homeland Security				<u>185,986</u>
Total federal awards expended				<u>\$ <u>726,414</u></u>

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

TOWN OF CLARKSVILLE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

TOWN OF CLARKSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
20.933	National Infrastructure Investments

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2013-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: The Town has not separated incompatible activities related to cash and investment, Town receipts, and Utility collections. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

TOWN OF CLARKSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cash and Investments

One employee in the Clerk-Treasurer's Office performs the monthly bank reconciliation for all the Town bank accounts and one employee in the Wastewater Utility Office performs the monthly bank reconciliements for all the Utility bank accounts. There are no controls in place to ensure these reconciliements are accurate.

Town Receipts

One employee in the Clerk-Treasurer's Office is responsible for issuing receipts, making deposits, and posting receipt transactions to the Town's records. There is no control in place to ensure receipts are properly issued, deposited, or recorded.

Utility Collections

The Utility collection process is primarily handled by two utility clerks. The utility clerks collect customer payments, balances their collection drawer, post utility payments to the customers' accounts, and make up the utility deposit tickets for the collections they received. There is no control in place to ensure Utility collections were properly recorded and deposited.

There is no control to ensure the Utility's "Request for Customer Adjustment" forms were correct and accurate.

2. **Monitoring of Controls:** An evaluation of the Town's system of internal control has not been conducted. The failure to monitor the internal control system places the Town at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting requires the Town to monitor and assess the quality of the system of internal control.

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.

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)

FINDING 2013-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Town did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Town should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

TOWN OF CLARKSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the SEFA, we noted the following errors:

1. Two federal grants totaling \$176,219 in expenditures were not reported.
2. The expenditures were reported incorrectly on multiple grants resulting in an overstatement of \$307,046.
3. Several federal awards were reported under incorrect federal program names.

Audit adjustments were proposed, accepted by the Town, and made to the SEFA presented in this report.

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.

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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310 (b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.

TOWN OF CLARKSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Section III - Federal Award Findings and Questioned Costs

FINDING 2013-003 - SUSPENSION AND DEBARMENT

Federal Agency: U.S. Department of Transportation
Federal Program: National Infrastructure Investments
CFDA Number: 20.933
Federal Award Number and Year (or Other Identifying Number): Des. No. 0200120
Pass-Through Entity: Indiana Department of Transportation

The Town does not have policies or standard procedures in place to verify whether or not a vendor has been suspended or excluded from doing business with the federal government.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the Town.

We recommended that the Town's management establish and implement controls, including segregation of duties, related to the grant agreement and all compliance requirements pertaining to Suspension and Debarment.

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AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the Town. The document is presented as intended by the Town.

Town of Clarksville
Office of the Clerk Treasurer
2000 Broadway
Clarksville, IN 47129

CORRECTIVE ACTION PLAN

FINDING 2013-001 Internal Controls over Financial Transactions and Reporting

Contact Person Responsible for Corrective Action: Sherry Lockard
Contact Phone Number: 812-283-1500

Description of Corrective Action Plan:

Cash & Investments: We have prepared a sign off sheet titled "Bank Statement Reconciliation Sign Off Sheet" (attachment A) which labels the bank, the month of reconciliation, a signature line for employee who balanced statement, a signature line for employee who reviewed statement, and a signature line for Clerk Treasurer to approve. Effective immediately, beginning January 2015.

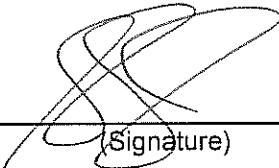
Town Receipts: We have prepared a verification of Receipts, Postings and Deposits form (attachment B), which labels who entered the receipts, who reviewed the receipts, who took the deposit, and a signature line for Clerk Treasurer to approve. Effective immediately, beginning January 2015.

Utility Collections: We created a Wastewater Daily Deposit Sign Off Sheet for the WWBO showing the date of the deposit, the total deposit amount, who prepared the deposit, who verified the deposit, who made the deposit, and who posted the deposit and who verified the posting amount. This sheet will be attached to each batch and put in the daily book of records along with the bank deposit recon sheet from the computer.(attachment C)

Customer Adjustments: All adjustments must be filled out on a green Customer Adjustment Form and signed off by either Deputy Clerk Sherry Lockard or Deputy Clerk Natalie McLochlin. Effective immediately.

Monitoring of Controls: Deputy Clerk Natalie McLochlin has been placed into the WWBO to oversee the daily running of the WWBO. Natalie will monitor all operations on a daily basis. Effective immediately.

Anticipated Completion Date: All corrective actions are currently in place.



(Signature)

Deputy Clerk

(Title)

4.22.15

(Date)

Town of Clarksville
Office of the Clerk Treasurer
2000 Broadway
Clarksville, IN 47129

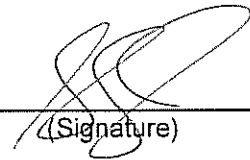
CORRECTIVE ACTION PLAN

FINDING 2013-002 Preparation of the Schedule of Expenditures of Federal Awards

Contact Person Responsible for Corrective Action: Sherry Lockard
Contact Phone Number: 812-283-1500

Description of Corrective Action Plan: For future preparations of the Schedule of Expenditures of Federal Awards, prior to submitting the annual report, the completed Grant Schedule will be sent to all department heads for approval and to sign off stating that there are no other existing grants where monies were expended or received by their department.

Anticipated Completion Date: This will be effective immediately, but our next annual report is not due until March of 2016.



(Signature)

Deputy Clerk

(Title)

4.22.15

(Date)

BANK STATEMENT RECONCILIATION SIGN OFF SHEET

BANK: _____

MONTH: _____

BALANCED BY: _____

REVIEWED BY: _____

APPROVED BY: _____

VERIFICATION OF RECEIPTS, POSTINGS AND DEPOSITS

RECEIPTS ENTERED BY: _____

RECEIPTS REVIEWED BY: _____

DEPOSIT TAKEN TO BANK BY: _____

APPROVED BY: _____

* WE ALSO USE A REPORT OF COLLECTIONS
FOR EACH DEPARTMENT (SAMPLE INCLUDED)

REPORT OF COLLECTIONS

To: Clerk-Treasurer From: Clarksville Police Department
Civil Town of Clarksville, Indiana

Clark County, Indiana
(County)

Collections for Period From _____, 20____ to _____, 20____

Description	Fund to be Credited	Collections This Period	Prior Collections	Year to Date Collections
ACCIDENTS	CASH	220354.010		
	CHECK			
VINS	CASH	220354.030		
	CHECK			
FIREARMS	CASH	220354.020		
	CHECK			
POLICE RECORDS	CASH	101364.050		
	CHECK			
VEHICLE TOW INS	CASH	278355.780		
	CHECK			
Receipt # _____ - _____		Total Amount Collected		

I hereby certify that the foregoing is a true and correct report of collections due the above-named governmental unit for the period shown.

Dated this _____ day of _____, 20____

NOTE

This form is not to be used as a receipt for collections. The Town representative accepting funds on behalf of the Department, Committee, or Board of the Town must issue an official receipt to the payee or donee and deposit the funds within twenty-four hours of receipt, and the official to whom the report of collections is made must issue an official receipt for the collections remitted.

(Signature)

(Title of Officer)

WASTEWATER DAILY DEPOSIT SIGN OFF SHEET

DATE:

TOTAL DEPOSIT AMOUNT:

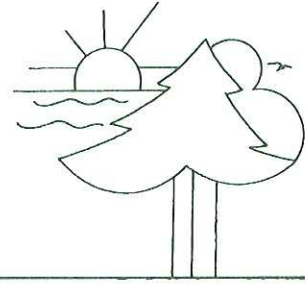
DEPOSIT PREPARED BY:

DEPOSIT VERIFIED/DELIVERED TO BANK:

DEPOSIT INFO ENTERED INTO COMPUTER BY:

AMOUNT ENTERED INTO COMPUTER VERIFIED BY:

Clarksville Parks and Recreation



2000 Broadway, Suite 221 • Clarksville, Indiana 47129 • (812) 283-5313 • FAX (812) 288-1380 • clarksvilleparks.com

CORRECTIVE ACTION PLAN

FINDING 2013-003 Suspension and Debarment

Contact Person Responsible for Corrective Action: Robert R. Kaluzny
Contact Phone Number: 812-283-5313

Robert R. Kaluzny 4/24/15

Description of Corrective Action Plan: The parks and recreation superintendent will check to make sure vendors under consideration for a contract or grant agreement are in good standing and have not been suspended or excluded from doing business with the federal government. The superintendent will check the website: www.sam.gov and document the results before recommending approval and execution of the contact or agreement to the Clarksville Parks and Recreation Board.

Anticipated Completion Date: Immediately. Account was set up with sam.gov on April 21, 2015.

Bill Wilson

(Signature)

President

(Title)

5/5/15

(Date)

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the Town. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.