B46094

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF FRENCH LICK
ORANGE COUNTY, INDIANA

January 1, 2013 to December 31, 2014

FILED
04/07/2016

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SCHEDULE OF OFFICIALS

Office	Official	Term
Clerk-Treasurer	Karen R. Brosmer	08-03-12 to 12-31-13
	Melinda Pendley	01-01-14 to 12-31-15
President of the Town Council	Donald L. Renner	01-01-13 to 12-31-15
Superintendent of Wastewater Utility	Chris Mills	01-01-13 to 12-31-15

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

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Town of French Lick (Town), which comprises the financial position and results of operations for the period of January 1, 2013 to December 31, 2014, and the related notes to the financial statement as listed in the Table of Contents.

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.

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 period of January 1, 2013 to December 31, 2014.

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 period of January 1, 2013 to December 31, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

December 17, 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 FRENCH LICK, ORANGE 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 French Lick (Town), which comprises the financial position and results of operations for the period of January 1, 2013 to December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated December 17, 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 2014-001, 2014-002, and 2014-003 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Town of French Lick'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
Paul D. Joyce, CPA
State Examiner

December 17, 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.

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TOWN OF FRENCH LICK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
General	$ 137,652	$ 2,613,509	$ 2,697,875	$ 53,286	$ 2,467,911	$ 2,500,078	$ 21,119
Motor Vehicle Highway	66,949	309,230	282,435	93,744	264,020	264,014	93,750
Local Road And Street	(25,668)	34,523	6,979	1,876	7,788	6,025	3,639
Aviation Revolving Gasoline	3	-	3	-	-	-	-
Economic Development Income Tax	57,370	80,807	99,882	38,295	88,822	116,335	10,782
Law Enforcement Continuing Education	2,940	-	-	2,940	-	-	2,940
SV Park Donations	6,760	-	6,760	-	-	-	-
Rainy Day	641	-	-	641	-	-	641
Construction Retainage Account	50,724	-	50,724	-	-	-	-
French Lick Tourism Commission	1,258	-	1,258	-	-	-	-
Levy Excess	1,444	-	1,444	-	10	-	10
Park Levy Excess	1,406	-	1,406	-	-	-	-
PD Leverage/Undisbursed Loan	(50,714)	50,723	10	(1)	230,871	183,276	47,594
Casino	152,983	2,854,704	2,900,818	106,869	2,496,146	2,584,878	18,137
Redevelopment Commission TIF Checking	304,862	1,415,471	1,131,260	589,073	2,483,243	2,232,238	840,078
Federal Grants #1	42,039	1,885,608	1,915,764	11,883	52,017	42,605	21,295
Debt Service	16,760	60,077	62,523	14,314	62,493	54,000	22,807
Airport Savings	22,461	1	22,462	-	-	-	-
Aviation Loan Repay	3,456	17,850	21,306	-	24,467	24,467	-
Aviation Revolving Gas	46,620	146,650	147,177	46,093	235,703	236,551	45,245
Airport Operating	24,659	168,336	192,895	100	241,796	165,768	76,128
French Lick Tourism	1,925	31,793	26,164	7,554	23,445	28,219	2,780
FLRLF Administration	8,374	40,423	36,844	11,953	48,467	43,878	16,542
FLRLF Loans	41,408	302,831	55,430	288,809	344,191	317,500	315,500
Sewer Cash Drawer	200	-	-	200	-	-	200
FL Redevelopment/Other Income	96,161	47,115	75,008	68,268	15,042	58,197	25,113
Park And Recreation Improvements	8,621	15,082	11,003	12,700	18,076	24,751	6,025
Cumulative Capital Improvements	13,323	4,851	6,335	11,839	4,780	14,000	2,619
Payroll	(67)	886,029	885,518	444	849,094	849,105	433
Sewer Operating	116,195	701,452	735,150	82,497	713,682	688,309	107,870
Sewer Debt Reserve	320,583	180,135	248,525	252,193	556,514	532,282	276,425
Totals	$ 1,471,328	$ 11,847,200	$ 11,622,958	$ 1,695,570	$ 11,228,578	$ 10,966,476	$ 1,957,672

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

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 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.

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.

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 Plan

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

Funding Policy and Annual Pension Cost

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

Note 7. Holding Corporation

The Town has entered into a capital lease with the French Lick Town Hall Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the Town. The lessor has been determined to be a related party of the Town. Lease payments during the years 2013 and 2014 totaled $54,000 and $54,000, respectively.

Note 8. Subsequent Events

On March 20, 2015, the Town of French Lick refunded the outstanding Sewage Works Revenue Bonds of 1993 and Sewage Works Revenue Bonds of 1998. The amount outstanding on these bonds was $3,520,000. The amount outstanding on the Sewage Works Refunding Revenue Bonds of 2015 is $3,512,000.

OTHER INFORMATION - UNAUDITED

The Town's Annual Financial 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 Financial 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 other information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF FRENCH LICK
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013

	General	Motor Vehicle Highway	Local Road And Street	Aviation Revolving Gasoline	Economic Development Income Tax	Law Enforcement Continuing Education	SV Park Donations	Rainy Day
Cash and investments - beginning	$ 137,652	$ 66,949	$ (25,668)	$ 3	$ 57,370	$ 2,940	$ 6,760	$ 641
Receipts:								
Taxes	271,631	189,986	-	-	-	-	-	-
Licenses and permits	12,214	-	-	-	-	-	-	-
Intergovernmental	1,925,528	56,053	34,523	-	80,807	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	404,007	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	129	63,191	-	-	-	-	-	-
Total receipts	2,613,509	309,230	34,523	-	80,807	-	-	-
Disbursements:								
Personal services	438,790	164,345	-	-	-	-	-	-
Supplies	51,820	57,368	-	-	21,554	-	-	-
Other services and charges	365,454	41,845	6,979	-	49,478	-	-	-
Debt service - principal and interest	814	-	-	-	-	-	-	-
Capital outlay	60,943	-	-	-	23,850	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	1,780,054	18,877	-	3	5,000	-	6,760	-
Total disbursements	2,697,875	282,435	6,979	3	99,882	-	6,760	-
Excess (deficiency) of receipts over disbursements	(84,366)	26,795	27,544	(3)	(19,075)	-	(6,760)	-
Cash and investments - ending	$ 53,286	$ 93,744	$ 1,876	$ -	$ 38,295	$ 2,940	$ -	$ 641

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

	Construction Retainage Account	French Lick Tourism Commission	Levy Excess	Park Levy Excess	PD Leverage/Undisbursed Loan	Casino	Redevelopment Commission TIF Checking	Federal Grants #1
Cash and investments - beginning	$ 50,724	$ 1,258	$ 1,444	$ 1,406	$ (50,714)	$ 152,983	$ 304,862	$ 42,039
Receipts:								
Taxes	-	-	-	-	-	-	1,407,336	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	2,834,313	-	1,885,608
Charges for services	-	-	-	-	-	-	2,710	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	50,723	20,391	5,425	-
Total receipts	-	-	-	-	50,723	2,854,704	1,415,471	1,885,608
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	103,093	39,726	-
Debt service - principal and interest	-	-	-	-	-	1,609,279	-	-
Capital outlay	-	-	-	-	-	91,452	892,404	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	50,724	1,258	1,444	1,406	10	1,096,994	199,130	1,915,764
Total disbursements	50,724	1,258	1,444	1,406	10	2,900,818	1,131,260	1,915,764
Excess (deficiency) of receipts over disbursements	(50,724)	(1,258)	(1,444)	(1,406)	50,713	(46,114)	284,211	(30,156)
Cash and investments - ending	$ -	$ -	$ -	$ -	$ (1)	$ 106,869	$ 589,073	$ 11,883

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

	Debt Service	Airport Savings	Aviation Loan Repay	Aviation Revolving Gas	Airport Operating	French Lick Tourism	FLRLF Administration	FLRLF Loans
Cash and investments - beginning	$ 16,760	$ 22,461	$ 3,456	$ 46,620	$ 24,659	$ 1,925	$ 8,374	$ 41,408
Receipts:								
Taxes	58,719	-	-	-	73,855	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	1,358	-	-	-	1,708	-	-	-
Charges for services	-	-	-	146,650	2,577	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	1	17,850	-	90,196	31,793	40,423	302,831
Total receipts	60,077	1	17,850	146,650	168,336	31,793	40,423	302,831
Disbursements:								
Personal services	-	-	-	-	84,000	-	-	-
Supplies	-	-	-	101,892	9,562	26,164	-	-
Other services and charges	-	-	-	-	86,194	-	-	-
Debt service - principal and interest	62,523	-	21,306	-	6,116	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	22,462	-	45,285	7,023	-	36,844	55,430
Total disbursements	62,523	22,462	21,306	147,177	192,895	26,164	36,844	55,430
Excess (deficiency) of receipts over disbursements	(2,446)	(22,461)	(3,456)	(527)	(24,559)	5,629	3,579	247,401
Cash and investments - ending	$ 14,314	$ -	$ -	$ 46,093	$ 100	$ 7,554	$ 11,953	$ 288,809

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

	Sewer Cash Drawer	FL Redevelopment/Other Income	Park And Recreation Improvements	Cumulative Capital Improvements	Payroll	Sewer Operating	Sewer Debt Reserve	Totals
Cash and investments - beginning	$ 200	$ 96,161	$ 8,621	$ 13,323	$ (67)	$ 116,195	$ 320,583	$ 1,471,328
Receipts:								
Taxes	-	-	5,219	-	-	-	-	2,006,746
Licenses and permits	-	-	-	-	-	-	-	12,214
Intergovernmental	-	-	121	4,851	-	-	-	6,824,870
Charges for services	-	-	-	-	-	-	-	151,937
Fines and forfeits	-	-	-	-	-	-	-	404,007
Utility fees	-	-	-	-	-	701,452	-	701,452
Other receipts	-	47,115	9,742	-	886,029	-	180,135	1,745,974
Total receipts	-	47,115	15,082	4,851	886,029	701,452	180,135	11,847,200
Disbursements:								
Personal services	-	-	-	-	-	148,469	-	835,604
Supplies	-	-	7,327	-	-	-	-	275,687
Other services and charges	-	-	3,676	-	-	19,646	-	716,091
Debt service - principal and interest	-	-	-	-	-	-	248,525	1,948,563
Capital outlay	-	-	-	6,335	-	-	-	1,074,984
Utility operating expenses	-	-	-	-	-	387,035	-	387,035
Other disbursements	-	75,008	-	-	885,518	180,000	-	6,384,994
Total disbursements	-	75,008	11,003	6,335	885,518	735,150	248,525	11,622,958
Excess (deficiency) of receipts over disbursements	-	(27,893)	4,079	(1,484)	511	(33,698)	(68,390)	224,242
Cash and investments - ending	$ 200	$ 68,268	$ 12,700	$ 11,839	$ 444	$ 82,497	$ 252,193	$ 1,695,570

TOWN OF FRENCH LICK
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014

	General	Motor Vehicle Highway	Local Road And Street	Aviation Revolving Gasoline	Economic Development Income Tax	Law Enforcement Continuing Education	SV Park Donations	Rainy Day
Cash and investments - beginning	$ 53,286	$ 93,744	$ 1,876	$ -	$ 38,295	$ 2,940	$ -	$ 641
Receipts:								
Taxes	153,488	192,727	-	-	-	-	-	-
Licenses and permits	12,050	-	-	-	-	-	-	-
Intergovernmental	1,306,798	52,413	7,788	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	6,769	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	988,806	18,880	-	-	88,822	-	-	-
Total receipts	2,467,911	264,020	7,788	-	88,822	-	-	-
Disbursements:								
Personal services	489,837	194,962	-	-	-	-	-	-
Supplies	58,276	45,613	-	-	-	-	-	-
Other services and charges	1,951,800	22,666	6,025	-	116,335	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	165	773	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	2,500,078	264,014	6,025	-	116,335	-	-	-
Excess (deficiency) of receipts over disbursements	(32,167)	6	1,763	-	(27,513)	-	-	-
Cash and investments - ending	$ 21,119	$ 93,750	$ 3,639	$ -	$ 10,782	$ 2,940	$ -	$ 641

TOWN OF FRENCH LICK
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Construction Retainage Account	French Lick Tourism Commission	Levy Excess	Park Levy Excess	PD Leverage/Undisbursed Loan	Casino	Redevelopment Commission TIF Checking	Federal Grants #1
Cash and investments - beginning	$ -	$ -	$ -	$ -	$ (1)	$ 106,869	$ 589,073	$ 11,883
Receipts:								
Taxes	-	-	10	-	-	-	2,402,618	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	1,806,063	-	52,017
Charges for services	-	-	-	-	-	-	2,050	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	230,871	690,083	78,575	-
Total receipts	-	-	10	-	230,871	2,496,146	2,483,243	52,017
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	183,276	1,058,069	625,929	42,605
Debt service - principal and interest	-	-	-	-	-	1,526,809	-	-
Capital outlay	-	-	-	-	-	-	1,606,309	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	183,276	2,584,878	2,232,238	42,605
Excess (deficiency) of receipts over disbursements	-	-	10	-	47,595	(88,732)	251,005	9,412
Cash and investments - ending	$ -	$ -	$ 10	$ -	$ 47,594	$ 18,137	$ 840,078	$ 21,295

TOWN OF FRENCH LICK
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Debt Service	Airport Savings	Aviation Loan Repay	Aviation Revolving Gas	Airport Operating	French Lick Tourism	FLRLF Administration	FLRLF Loans
Cash and investments - beginning	$ 14,314	$ -	$ -	$ 46,093	$ 100	$ 7,554	$ 11,953	$ 288,809
Receipts:								
Taxes	61,235	-	-	-	213,999	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	1,258	-	-	-	4,479	-	-	-
Charges for services	-	-	24,467	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	1,260	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	-	235,703	23,318	23,445	47,207	344,191
Total receipts	62,493	-	24,467	235,703	241,796	23,445	48,467	344,191
Disbursements:								
Personal services	-	-	-	-	102,141	-	25,045	-
Supplies	-	-	-	236,551	12,563	-	18,833	-
Other services and charges	-	-	-	-	41,449	28,219	-	-
Debt service - principal and interest	54,000	-	-	-	-	-	-	-
Capital outlay	-	-	24,467	-	9,615	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	317,500
Total disbursements	54,000	-	24,467	236,551	165,768	28,219	43,878	317,500
Excess (deficiency) of receipts over disbursements	8,493	-	-	(848)	76,028	(4,774)	4,589	26,691
Cash and investments - ending	$ 22,807	$ -	$ -	$ 45,245	$ 76,128	$ 2,780	$ 16,542	$ 315,500

TOWN OF FRENCH LICK
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Sewer Cash Drawer	FL Redevelopment/Other Income	Park And Recreation Improvements	Cumulative Capital Improvements	Payroll	Sewer Operating	Sewer Debt Reserve	Totals
Cash and investments - beginning	$ 200	$ 68,268	$ 12,700	$ 11,839	$ 444	$ 82,497	$ 252,193	$ 1,695,570
Receipts:								
Taxes	-	-	17,705	-	-	-	-	3,041,782
Licenses and permits	-	-	-	-	-	-	-	12,050
Intergovernmental	-	-	371	4,780	-	-	-	3,235,967
Charges for services	-	-	-	-	-	-	-	26,517
Fines and forfeits	-	-	-	-	-	-	-	8,029
Utility fees	-	-	-	-	-	599,732	-	599,732
Other receipts	-	15,042	-	-	849,094	113,950	556,514	4,304,501
Total receipts	-	15,042	18,076	4,780	849,094	713,682	556,514	11,228,578
Disbursements:								
Personal services	-	-	-	-	-	122,476	-	934,461
Supplies	-	-	5,480	-	-	-	-	377,316
Other services and charges	-	58,197	18,879	14,000	-	16,595	-	4,184,044
Debt service - principal and interest	-	-	-	-	-	-	250,850	1,831,659
Capital outlay	-	-	392	-	-	-	-	1,641,721
Utility operating expenses	-	-	-	-	-	269,009	-	269,009
Other disbursements	-	-	-	-	849,105	280,229	281,432	1,728,266
Total disbursements	-	58,197	24,751	14,000	849,105	688,309	532,282	10,966,476
Excess (deficiency) of receipts over disbursements	-	(43,155)	(6,675)	(9,220)	(11)	25,373	24,232	262,102
Cash and investments - ending	$ 200	$ 25,113	$ 6,025	$ 2,619	$ 433	$ 107,870	$ 276,425	$ 1,957,672

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TOWN OF FRENCH LICK
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2014

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	$ -	$ 33,636
Governmental activities	-	-
Totals	$ -	$ 33,636

TOWN OF FRENCH LICK
SCHEDULE OF LEASES AND DEBT
December 31, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Old National Bank	Firetruck Purchase	$ 91,452	2/1/2009	2/1/2018
French Lick Town Hall Building Corporation	Town Hall Building	55,000	01/18/01	01/01/41
French Lick Redevelopment Authority	Land and Public Improvements	412,732	06/30/07	06/01/27
French Lick Redevelopment Authority	Land and Public Improvements	825,465	06/30/07	05/30/27
Dickason HRC Investment LLC	Redevelopment	138,208	10/01/12	10/01/30
Total of annual lease payments		$ 1,522,857		

Description of Debt			
Type	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Notes and loans payable	Commercial Loan - Airport	$ 16,515	$ 16,515
Wastewater:			
Revenue bonds	1993 Sewer Upgrade	500,000	41,000
Revenue bonds	1998 Sewer Upgrade	3,020,000	210,900
Total Wastewater		3,520,000	251,900
Totals		$ 3,536,515	$ 268,415

TOWN OF FRENCH LICK
SCHEDULE OF CAPITAL ASSETS
December 31, 2014

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

	Ending Balance
Governmental activities:	
Land	$ 2,575,556
Infrastructure	17,021,341
Buildings	3,755,802
Improvements other than buildings	529,762
Machinery, equipment, and vehicles	746,302
Total governmental activities	24,628,763
Wastewater:	
Infrastructure	9,015,130
Machinery, equipment, and vehicles	189,464
Books and other	275,564
Total Wastewater	9,480,158
Total capital assets	$ 34,108,921

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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 EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Town of French Lick'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 each of its major federal programs for the period of January 1, 2013 to December 31, 2014. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

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 each of the Town's major federal programs 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 each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Basis for Qualified Opinion on Economic Development Cluster

As described in items 2014-005, 2014-006, 2014-007, and 2014-008 in the accompanying Schedule of Findings and Questioned Costs, the Town did not comply with requirements regarding Allowable Costs/Cost Principles, Program Income, Reporting, and Special Tests and Provisions that are applicable to its Economic Development Cluster. Compliance with such requirements is necessary, in our opinion, for the Town to comply with requirements applicable to that program.

Qualified Opinion on Economic Development Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion Economic Development Cluster* paragraph, 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 the Economic Development Cluster for the period of January 1, 2013 to December 31, 2014.

Unmodified Opinion on the Other 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 other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of January 1, 2013 to December 31, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-009. Our opinion on each major federal program is not modified with respect to these matters.

The Town's response to the noncompliance 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.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each 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 items 2014-004, 2014-005, 2014-006, 2014-007, 2014-008, 2014-009, and 2014-010 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
Paul D. Joyce, CPA
State Examiner

December 17, 2015

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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TOWN OF FRENCH LICK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended December 31, 2013 and 2014

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 12-31-13	Total Federal Awards Expended 12-31-14	Footnote
Department of Commerce						
Economic Development Cluster						
Economic Adjustment Assistance	Direct	11.307				
Revolving Loan			06-019-02187	$ 1,021,391	$ 974,992	(A)
Total - Department of Commerce				1,021,391	974,992	
Department of Housing and Urban Development						
CDBG - State-Administered CDBG Cluster						
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Indiana Housing and Community Development Authority	14.228				
Homeowner Repair and Improvement			HD-011-024	111,946	41,505	
Total - Department of Housing and Urban Development				111,946	41,505	
Department of Transportation						
Airport Improvement Program	Direct	20.106				
Taxiway Project FY2009			03-18-0027-09	301,732	-	
Taxiway Project FY2010			03-18-0027-10	81,731	-	
Taxiway Project FY2011			03-18-0027-11	249,386	-	
Taxiway Project FY2012			03-18-0027-12	982,447	-	
Taxiway Project FY2013			03-18-0027-13	142,200	19,800	
Taxiway Project FY2014			03-18-0027-14	-	18,526	
Total - Airport Improvement Program				1,757,496	38,326	
Total - Department of Transportation				1,757,496	38,326	
Department of Homeland Security						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036				
Hurricane Sandy			38512EMAC000000	5,547	-	
Total - Department of Homeland Security				5,547	-	
Total federal awards expended				$ 2,896,380	$ 1,054,823	

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

(A) Calculation of Economic Adjustment Assistance Federal Expenditures:		
Balance of Outstanding Revolving Loans	$ 1,024,248	$ 924,069
Revolving Loan Fund (RLF) Cash and Investment Balance	300,762	332,042
Administrative Expenses Paid	36,844	43,878
Total Calculation Basis	1,361,854	1,299,989
Multiplied by Original Federal Share of Revolving Loan Funds (RLF)	75%	75%
Amount Reported in Schedule of Federal Awards	$ 1,021,391	$ 974,992

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (schedule) 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.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of $500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the Town provided federal awards to subrecipients as follows for the years ended December 31, 2013 and 2014:

Program Title	Federal CFDA Number	2013	2014
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	$ 111,946	$ 41,505

Note 3. Loans Outstanding

The Town had the following loan balances, with continuing federal compliance requirements, outstanding at December 31, 2013 and 2014. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
Economic Adjustment Assistance	11.307	$ 1,024,248	$ 924,069

TOWN OF FRENCH LICK
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?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	
Economic Development Cluster	Qualified
Airport Improvement 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 Programs:

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

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2014-001 - 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.

1. Lack of Segregation of Duties: The Town has not separated incompatible activities related to receipts, disbursements, and cash and investment balances. The Clerk-Treasurer writes receipts, writes checks, completes the bank reconciliation, and posts to the records. 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.

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 2014-002 - INTERNAL CONTROLS OVER REVOLVING LOAN FUNDS

We noted several deficiencies in the internal control system of the Revolving Loan Department related to financial transactions and reporting.

1. Lack of Segregation of Duties: The Revolving Loan Department has not separated incompatible activities related to receipts, disbursements, and cash and investment balances. The Revolving Loan Director writes receipts, writes checks, completes the bank reconciliation, and posts to the records. 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.

2. Bank reconciliations were not completed timely and were not accurate for the French Lick Revolving Loan Fund (FLRLF-Loan). The last reconciliations presented for audit were completed for February 2014.

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 2014-003 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Town did not have a proper system of internal controls 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.

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)

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-004 - ACTIVITIES ALLOWED OR UNALLOWED

Federal Agency: Department of Commerce
Federal Program: Economic Adjustment Assistance
CFDA Number: 11.307
Federal Award Number and Year (or Other Identifying Number): 06-019-02187

The Revolving Loan Board has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the compliance requirements pertaining to Activities Allowed or Unallowed that have a direct and material effect on the program. The failure to establish an effective internal control system places the Revolving Loan at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

The Revolving Loan Director is the only employee. In 2014, the Town Clerk-Treasurer took over the responsibility of disbursing funds and reconciling the Administration Fund portion of the program.

Additionally, the Revolving Loan Program is not following established internal control procedures. In two of the eight loan disbursements, no claim was prepared for Board review and approval. In another instance, the claim was prepared but did not have the Board members' signatures indicating approval of the disbursement.

An internal control system, including segregation of duties, should be designed and operate efficiently 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. It is also important to follow established internal control procedures for an internal control system to function effectively.

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 controls, including segregation of duties, related to the grant agreement and all compliance requirements related activities allowed or unallowed.

FINDING 2014-005 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Commerce
Federal Program: Economic Adjustment Assistance
CFDA Number: 11.307
Federal Award Number and Year (or Other Identifying Number): 06-019-02187

The Revolving Loan Board has not established an effective internal control system related to the grant agreement and the compliance requirements pertaining to Allowable Costs/Cost Principles. The lack of an internal control system allows noncompliance with compliance requirements. It could also allow the misuse and mismanagement of federal funds and assets to go undetected. An effective internal control system will provide proper oversight, reviews, and approvals over the activities of the program.

The requirements governing time and effort were not followed regarding some costs charged to the Revolving Loan Program. The Clerk-Treasurer receives a salary of $125 per month, or $1,500 per year, for assistance with the administrative functions of the Revolving Loan Program. However, these costs were not supported by proper documentation since records were not maintained for the Clerk-Treasurer's actual time spent on the Revolving Loan Program.

OMB Circular A-87, Attachment B, section 8(h) states in part:

> "(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency."

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."

Inadequate recordkeeping of time records indicates noncompliance with the Allowable Costs/Cost Principles requirements of the program. Failure to comply with the Allowable Costs/Cost Principles requirements could result in the loss of federal funds to the Town.

We recommended that the officials establish internal controls and implement procedures to ensure that proper documentation is maintained for requirements pertaining to Allowable Costs/Cost Principles.

FINDING 2014-006 - PROGRAM INCOME

Federal Agency: Department of Commerce
Federal Program: Economic Adjustment Assistance
CFDA Number: 11.307
Federal Award Number and Year (or Other Identifying Number): 06-019-02187

The Revolving Loan Board has not established an effective internal control system related to the grant agreement and the compliance requirements pertaining to Program Income. The lack of an internal control system allows noncompliance with compliance requirements. It could also allow the misuse and mismanagement of federal funds and assets to go undetected. An effective internal control system will provide proper oversight, reviews, and approvals over the activities of the program.

The Revolving Loan Fund's Program Income is comprised of interest received on the program's outstanding loans. The Administration Fund is used to cover the program's administrative expenses - salaries, utilities, etc., while the Loan Fund is used for disbursements made for loans. Prior to October 1, 2013, this income was split equally between the Administration Fund and the Loan Fund with 50 percent going to each. After that date, the program income was all placed in the Administration Fund and excess funds would be transferred each six months. In May 2014, $15,000 of excess was transferred from the Administration Fund to the Loan Fund. This was to transfer accumulated income prior to March 2014. No transfer had been made for the months of April to September 2014. The calculated amount for that period that should be placed in the Loan Fund and added to the capital base is $8,800.

13 CFR 307.12(a) states in part:

"*General requirements*. RLF Income must be placed into the RLF Capital base for the purpose of making loans or paying for eligible and reasonable administrative costs associated with the RLF's operations. RLF Income may fund administrative costs, provided:

(1) Such RLF Income and the administrative costs are incurred in the same six-month (6) Reporting Period;

(2) RLF Income that is not used for administrative costs during the six-month (6) Reporting Period is made available for lending activities."

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."

Program Income designated for administrative disbursements that is not spent within the same six-month Reporting Period indicates noncompliance with the Program Income requirements of the program. Failure to comply with the Program Income requirements could result in the loss of federal funds to the Town.

We recommended that officials establish internal controls and implement procedures to ensure that income allocated to cover administrative expenses is disbursed within the same six-month reporting period in which it is received or that this income is added to the unused portion of the capital base for future lending.

FINDING 2014-007 - REPORTING

Federal Agency: Department of Commerce
Federal Program: Economic Adjustment Assistance
CFDA Number: 11.307
Federal Award Number and Year (or Other Identifying Number): 06-019-02187

The Revolving Loan Board has not established an effective internal control system related to the grant agreement and the compliance requirements pertaining to Reporting. A lack of an internal control system allows noncompliance with compliance requirements. It could also allow the misuse and mismanagement of federal funds and assets to go undetected. An effective internal control system will provide proper oversight, reviews, and approvals over the activities of the program.

The Director for the Revolving Loan Fund completed and certified the semiannual Form ED-209 Reports as required. However, there are no procedures in place to verify that the information being submitted is accurate. The Desk Worksheet is the official record kept by the Director on the activity of the Revolving Loan Fund. The Semi-annual reports were reviewed and compared to the Desk Worksheet completed each month by the Director.

The following errors in RLF reporting were found:

	Period Ending March 31, 2013	Period Ending September 30, 2013	Period Ending March 31, 2014	Period Ending September 30, 2014
Income Reported	$ 29,998	$ 28,206	$ 31,781	$ 23,227
Income Calculated From the Desk Worksheet	(29,409)	(27,364)	(30,671)	(22,287)
Difference	$ 589	$ 842	$ 1,110	$ 940
Expenses Reported	$ 15,790	$ 14,990	$ 21,975	$ 14,341
Expenses Calculated From the Desk Worksheet	(15,743)	(14,990)	(15,375)	(14,341)
Difference	$ 47	$ -	$ 6,600	$ -

13 CFR 307.14 states:

"Revolving Loan Fund semi-annual report and Income and Expense Statement.

(a) *Frequency of reports*. All RLF Recipients, including those receiving Recapitalization Grants for existing RLFs, must complete and submit a semi-annual report in electronic format, unless EDA approves a paper submission.

(b) *Report contents*. RLF Recipients must certify as part of the semi-annual report to the EDA that the RLF is operating in accordance with the applicable RLF Plan. RLF Recipients also must describe (and propose pursuant to §307.9) any modifications to the RLF Plan to ensure effective use of the RLF as a strategic financing tool.

(c) *RLF Income and Expense Statement*. An RLF Recipient using either fifty (50) percent or more (or more than $100,000) of RLF Income for administrative costs in a six (6) month Reporting Period must submit to EDA a completed Income and Expense Statement (Form ED-209I or any successor form) for that Reporting Period in electronic format, unless EDA approves a paper submission."

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."

Inaccurate report submissions indicate noncompliance with the Reporting requirements of the program. Failure to comply with the Reporting requirements, including accurate submission of information, could result in the loss of federal funds to the Town.

We recommended that the officials establish internal controls and implement procedures to ensure that accurate information is submitted and compliance requirements for Reporting are followed.

FINDING 2014-008 - SPECIAL TESTS AND PROVISIONS

Federal Agency: Department of Commerce
Federal Program: Economic Adjustment Assistance
CFDA Number: 11.307
Federal Award Number and Year (or Other Identifying Number): 06-019-02187

The Revolving Loan Board has not established an effective internal control system related to the grant agreement and the compliance requirements pertaining to Special Tests and Provisions - Loan and Accounting System Documents. The lack of an internal control system allows noncompliance with compliance requirements. It could also allow the misuse and mismanagement of federal funds and assets to go undetected. An effective internal control system will provide proper oversight, reviews, and approvals over the activities of the program.

The Director of the Revolving Loan Fund is responsible for maintaining the loan files and acquiring all necessary documentation required of loan applicants. Seven new loans were issued during the audit period and the loan files for each were reviewed for completeness.

The following exceptions were noted:

In one of the new loan files tested, the Board of Directors' meeting minutes approved the loan and the promissory note was present in the loan file. However, the loan application, loan agreement, security agreement, deed of trust/mortgage, and signed bank turn-down letter were not present for review and per the Director were never obtained. In five of the remaining six loan files, the signed bank turn-down letter was not present in the loan file and per the Director was never obtained.

13 CFR 307.15 states in part:

"(b) Loan and accounting system documents. . . .

(2) Prior to the disbursement of any EDA funds, the RLF Recipient shall certify that standard RLF loan documents reasonably necessary or advisable for lending are in place and that these documents have been reviewed by its legal counsel for adequacy and compliance with the terms and conditions of the Grant and applicable State and local law. The standard loan documents must include, at a minimum, the following:

(i) Loan application;

(ii) Loan agreement;

(iii) Board of directors' meeting minutes approving the RLF loan;

(iv) Promissory note;

(v) Security agreement(s);

(vi) Deed of trust or mortgage (as applicable);

(vii) Agreement of prior lien holder (as applicable);

(viii) Signed bank turn-down letter demonstrating that credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed. EDA will permit the RLF Recipient to accept alternate documentation only if such documentation is allowed in the Recipient's EDA-approved RLF Plan."

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."

Incomplete loans files indicate noncompliance with the Special Tests and Provisions requirements of the program. Failure to comply with the loan documentation requirements for loan recipients could result in the loss of federal funds to the Town.

We recommended that the officials establish internal controls and implement procedures to ensure acquisition of all documentation that is required as part of the loan application process and that the required documentation is included in the recipients' loan files.

FINDING 2014-009 - CASH MANAGEMENT

Federal Agency: Department of Transportation
Federal Program: Airport Improvement Program
CFDA Number: 20.106
Federal Award Number and Year (or Other Identifying Number): 03-18-0027-09, 03-18-0027-10, 03-18-0027-11, 03-18-0027-12, 03-18-0027-13, 03-18-0027-14

Management of the Town has not established an effective internal control system related to the grant agreement and the compliance requirements for Cash Management that have a direct and material effect to the program. The failure to establish an effective internal control system places the Town at risk of noncompliance with the grant agreement and the compliance requirements. The lack of an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets to go undetected. An effective internal control system provides proper oversight, reviews, and approvals over the activities of the program.

The Airport Improvement Program grant was a reimbursable grant. The Town was to disburse funds to the vendor before the federal funds were received. However, the Town typically did not have the funds available to make these disbursements first. Instead, they intended to disburse the funds as soon as the federal reimbursement was received. During the audit period, the Town made thirteen requests for reimbursement. Nine of those were disbursed within five days of receipt. In two other instances, $262,512 and $13,725 were each held for twelve days. In another instance, $3,493 was held for nineteen days. In another instance, $10,385 was held for seven days.

49 CFR 18.21(b) Payment states:

"*Basic Standard*. Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205."

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 and implement internal controls enabled material noncompliance to go undetected and failure to minimize the cash on hand may result in the loss of federal funds to the Town.

We recommended that the Aviation Board and Town Officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized according to Cash Management requirements.

FINDING 2014-010 - DAVIS-BACON ACT, EQUIPMENT AND REAL PROPERTY MANAGEMENT, AND PERIOD OF AVAILABILITY

Federal Agency: Department of Transportation
Federal Program: Airport Improvement Program
CFDA Number: 20.106
Federal Award Number and Year (or Other Identifying Number): 03-18-0027-09, 03-18-0027-10, 03-18-0027-11, 03-18-0027-12, 03-18-0027-13, 03-18-0027-14

Management of the Town has not established an effective internal control system related to the grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Davis-Bacon Act, Equipment and Real Property Management, and Period of Availability.

The Town hired an engineering consulting firm to administrator their grants. The consulting firm was responsible for the requirements for the Davis-Bacon Act and Period of Availability, but the Town had no controls in place to insure that the programs were in compliance.

The aviation grants were for improvements to the airport property including expenses for a parallel taxiway. There were no procedures in place to verify that the improvements are included in the Town's capital asset records.

The failure to establish an effective internal control system places the Town at risk of noncompliance with the grant agreement and the compliance requirements. A lack of an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

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 related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

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AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the Town. The documents are presented as intended by the Town.

Town of French Lick

7959 W Hunters Run Drive
French Lick, Indiana 47432-8315

BOARD OF TRUSTEES
Donald Renner (President)
David Harner
John H. Harrison
Marlene Noble
Barry Wininger

CLERK TREASURER
Melinda Pendley

Incorporated May 2, 1857
Telephone: (812) 936-4737
Fax: (812) 936-7006
www.townoffrenchlick.com

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2012-3, 2012-5, and 2012-6

Original SBA Audit Report Number:	B42657
Report Period	01/01/11 – 12/31/12
Pass-Through Entity or Federal Grantor Agency	N/A
Auditee Contact Person	Jim Springer
Title of Contact Person	Executive Director of Revolving Loan
Phone Number	812-936-4885

Status of Finding 2012-3: We are in the process of implementing internal controls.

Status of Finding 2012-5: Compliance requirements for the program are being implemented.

Status of Finding 2012-6: Program requirements for reporting are being implemented.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2012-4, and 2014-7

Original SBA Audit Report Number:	B42657
Report Period	01/01/11 – 12/31/12
Pass-Through Entity or Federal Grantor Agency	N/A
Auditee Contact Person	Zachary Brown
Title of Contact Person	Airport Manager
Phone Number	812-936-2222

Status of Finding 2012-4: Internal Controls are being implemented.

Status of Finding 2012-7: Timely receipts and disbursements of federal funds are now minimized according to grant requirements.

Town of French Lick

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CORRECTIVE ACTION PLAN

FINDING: 2014-001 INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Contact Person Responsible for Corrective Action: Mindy Pendley, Clerk-Treasurer
Contact Phone Number: (812) 936-4737

Office procedures are being reviewed and we are in the process of implementing additional internal controls to avoid any substantial risk of invalid transactions, inaccurate records and financial statements.

Anticipated Completion Date: 03/01/16

Melinda Pendley
Signature

Clerk- Treasurer
Title

12/17/15
Date

French Lick Revolving Loan

Town of French Lick
7959 W Hunters Run Drive
French Lick, IN 47432-1000

Jim Springer
Executive Director

Telephone (812) 936-4885
Fax: (812) 936-7006

Board members:
Peggy Leehe, President
Mindy Pendley, Clerk/Treas.
Don Renner
Marlene Noble
Karen Brosmer
Ann Troutman
John H Harrison

CORRECTIVE ACTION PLAN

Finding: 2014-002 INTERNAL CONTROLS OVER REVOLVING LOAN FUNDS

Contact person Responsible for Corrective Action; Jim Springer Exec. Director
Phone Number (812) 936-4885

I am in the process of implementing a Bank Reconciliation and starting January 1, 2016, a running monthly bank reconciliation will be implemented for the FLRLF Loan account.

Anticipated Completion Date: 01/31/16

James Springer
Signature

Exec. Director
Title

12-15-2015
Date

Town of French Lick

7959 W Hunters Run Drive
French Lick, Indiana 47432-8315

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Barry Wininger

CLERK TREASURER
Melinda Pendley

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

CORRECTIVE ACTION PLAN

FINDING: 2014-003 PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person Responsible for Corrective Action: Mindy Pendley, Clerk-Treasurer
Contact Phone Number: (812) 936-4737

The Town will implement a proper system of internal controls to prevent errors on the Schedule of Expenditures of Federal Awards and ensure accurate reporting of these federal awards.

Melinda Pendley
Name

Clerk-Treasurer
Title

12/17/15
Date

French Lick Revolving Loan

Town of French Lick
7959 W Hunters Run Drive
French Lick, IN 47432-1000

Jim Springer
Executive Director

Telephone (812) 936-4885
Fax: (812) 936-7006

Board members:
Peggy Leehe Pres.
Mindy Pendley Clerk/Treas.
Don Renner
Marlene Noble
Karen Brosmer
Ann Troutman
John H Harrison

CORRECTIVE ACTION PLAN

Finding :2014-004 ACTIVITIES ALLOWED OR UNALLOWED
Contact person Responsible for Corrective Action ; Jim Springer Exec. Director
Phone Number (812) 936-4885

Most of the loans in question were revised or re-amortized loans and Board approved pr. Board minutes. However all loans in the future whether new or revised will have claim forms with board signature.

Anticipated Completion Date : Immediately

James L Springer
Signature

Exec Dir
Title

Dec 15 - 2015
Date

French Lick Revolving Loan

Town of French Lick
7959 W Hunters Run Drive
French Lick, IN 47432-1000

Jim Springer
Executive Director

Telephone (812) 936-4885
Fax: (812) 936-7006

Board members:
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Don Renner
Marlene Noble
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Ann Troutman
John H Harrison

CORRECTIVE ACTION PLAN

Finding: 2014-005 ALLOWABLE COSTS/COST PRINCIPLES
Contact person Responsible for Corrective Action: Jim Springer, Exec. Director
Phone Number (812) 936-4885

Effective January 1, 2016, Clerk/Treasurer will document time spent on performance of duties pertaining to FLRLF, to be included in monthly report to Executive Director.

Anticipated Completion Date: Beginning with January 2016 report.

Signature

Title

Dec 15 2015
Date

French Lick Revolving Loan

Town of French Lick
7959 W Hunters Run Drive
French Lick, IN 47432-1000

Jim Springer
Executive Director

Telephone (812) 936-4885
Fax: (812) 936-7006

Board members:
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Mindy Pendley, Clerk/Treas.
Don Renner
Marlene Noble
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John H Harrison

CORRECTIVE ACTION PLAN

Finding: 2014-006 PROGRAM INCOME
Contact person Responsible for Corrective Action: Jim Springer, Exec. Director
Phone Number (812) 936-4885

Excess funds in the Administrative Account are due to the fact that I was unable to identify a location on the Semi-Annual Reports to include them. I have contacted EDA about this and they have not provided the needed information. It is my intention to transfer $20,000 from Administrative Account to Loan Account in January 2016, and will continue to make the needed transfers every six (6) months. I will consult the State Board of Accounts Representative for instruction as to how to document these transfers.

Anticipated Completion Date: Beginning January 2016

Jim Springer
Signature

Exec Dir
Title

Dec 15 - 2015
Date

French Lick Revolving Loan

Town of French Lick
7959 W Hunters Run Drive
French Lick, IN 47432-1000

Jim Springer
Executive Director

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Fax: (812) 936-7006

Board members:
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John H Harrison

CORRECTIVE ACTION PLAN

Finding: 2014-007 REPORTING
Contact person Responsible for Corrective Action: Jim Springer, Exec. Director
Phone Number (812) 936-4885

I will ask someone else to review reports for accuracy and sign off on them.

Anticipated Completion Date: Beginning immediately

James Springer
Signature

Exec Dir.
Title

Dec 15 - 2015
Date

French Lick Revolving Loan

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French Lick, IN 47432-1000

Jim Springer
Executive Director

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John H Harrison

CORRECTIVE ACTION PLAN

Finding: 2014-008 SPECIAL TESTS AND PROVISIONS
Contact person Responsible for Corrective Action: Jim Springer, Exec. Director
Phone Number (812) 936-4885

At some of our loan closings some of the needed documents were not available for various reasons and we failed to follow up on obtaining them. In most cases these were bank letters of denial. We will make every effort to avoid this in the future.

Anticipated Completion Date: Beginning all future loans

James Springer
Signature

Exec Dir
Title

Dec 15 - 2015
Date

Town of French Lick
7959 W Hunters Run Drive
French Lick, Indiana 47432-8315

BOARD OF TRUSTEES
Donald Renner (President)
David Harner
John H. Harrison
Marlene Noble
Barry Wininger

CLERK TREASURER
Melinda Pendley

Incorporated May 2, 1857
Telephone: (812) 936-4737
Fax: (812) 936-7006
www.townoffrenchlick.com

CORRECTIVE ACTION PLAN

FINDING: 2014-009- CASH MANAGEMENT

Contact Persons Responsible for Corrective Action: Mindy Pendley, Clerk- Treasurer and Zachary Brown, Airport Manager

Contact Phone Number: Clerk- (812)936-4737 Airport Manager- (812)936-2222

Office procedures are being reviewed and a process is being implemented in order for disbursements of funding to become disbursed to the vendor before federal funding is received on all grants in relation to the Airport Improvement Program and all Capital Improvement Projects outlined within.

Anticipated Completion Date: Immediately

FINDING 2014-010- DAVIS BACON, EQUIPMENT AND REAL PROPERTY MANAGEMENT, AND PERIOD OF AVAILABILITY

Contact Persons Responsible for Corrective Action: Mindy Pendley, Clerk- Treasurer and Zachary Brown, Airport Manager

Contact Phone Number: Clerk- (812)936-4737 Airport Manager- (812)936-2222

Authorized airport personnel will retain copies of Davis Bacon Certified Payroll records for the various projects. NGC will provide training to Airport personnel so that the Airport Personnel can verify the accuracy of the payroll records as well. NGC will attach a form to each record submittal for Airport Personnel documentation. For the Period of Availability monitoring, NGC will provide the quarterly FAA reports to the Airport as a part of the reports to the Board of Commissioners. The review and acceptance of the reports will be recorded in the meeting minutes. The Airport Manager currently obtains a working log of all airport assets to include all equipment, structures and projects performed. All AIP Projects for the last twenty years have been added to the list. This log has been forwarded to the Clerk Treasurer for review. Newly acquired assets will be added to the

list upon receipt of the asset and final payment to the vendors. The Clerk Treasurer and Airport Manager are working to implement a process for which assets will be added to a group report to further internal control systems.

Anticipated Completion Date: 03/31/16

Zachary J Brown
Signature

AIRPORT MANAGER
Title

12/17/15
Date

OTHER REPORTS

In addition to this report, other reports may have been issued for the Town. All reports can be found on the Indiana State Board of Accounts' website: http://www.in.gov/sboa/.