

**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, 2017 to December 31, 2017



**FILED**  
03/15/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Melinda Pendley	01-01-16 to 12-31-19
President of the Town Council	Barry M. Winger	01-01-17 to 12-31-18
Superintendent of the Utilities	Chris Mills	01-01-17 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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 year ended December 31, 2017, 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 from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the year ended December 31, 2017.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the year ended December 31, 2017, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2018, 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 solely 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 effectiveness of the Town's 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, CPA  
State Examiner

December 20, 2018



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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 year ended December 31, 2017, and the related notes to the financial statement, and have issued our report thereon dated December 20, 2018, 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.

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 Town's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001, that we consider to be a material weakness.

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, CPA  
State Examiner

December 20, 2018

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

TOWN OF FRENCH LICK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
General	\$ 143,600	\$ 3,640,048	\$ 3,632,427	\$ 151,221
Motor Vehicle Highway	75,856	266,358	228,878	113,336
Local Road And Street	3,866	10,221	380	13,707
Income Tax	35,022	112,056	71,692	75,386
Law Enforcement Continuing Ed	4,720	1,363	60	6,023
Rainy Day	82,911	154,260	23,108	214,063
Levy Excess	10	-	-	10
PD Leverage/Undisbursed Loan	30,875	-	-	30,875
FLRLF-LOAN	346,950	475,960	561,395	261,515
Fire Department-Contract	-	126,000	120,511	5,489
Airport-Petty Cash	-	135	-	135
Casino	864,038	2,501,774	2,229,718	1,136,094
Redev Com/Tif - Checking	2,059,675	1,822,385	2,243,107	1,638,953
Grants	9,330	1,490,930	1,471,878	28,382
Debt Service	32,767	29,675	54,000	8,442
Airport Miscellaneous	22,183	128,281	51,984	98,480
Aviation Revolving Gas	172,992	119,444	169,133	123,303
Airport Operating Fund	34,066	152,951	150,229	36,788
French Lick Tourism	2,434	23,940	26,044	330
FLRLF-Loan Operating	22,140	47,997	53,281	16,856
Sewer Cash Drawer	200	-	-	200
FI Redevelopment/Other Income	127,967	174,956	106,602	196,321
Park And Recreation Improvements	6,164	14,532	8,894	11,802
Cumulative Capital Improvements Fund	11,763	4,394	-	16,157
Payroll	433	768,712	768,710	435
Sewer Operating	124,306	744,953	764,108	105,151
Sewer-Debt Reserve	289,729	250,115	230,565	309,279
<b>Totals</b>	<b>\$ 4,503,997</b>	<b>\$ 13,061,440</b>	<b>\$ 12,966,704</b>	<b>\$ 4,598,733</b>

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

TOWN OF FRENCH LICK  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

**B. Basis of Accounting**

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

**C. Cash and Investments**

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

**D. Receipts**

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

*Taxes.* Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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.* 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF FRENCH LICK  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Intergovernmental receipts.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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.* Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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.* Amounts received 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.* Amounts received from charges for current services.

*Other receipts.* Amounts received from various sources, including, but 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.* Amounts disbursed 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.* Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

*Other services and charges.* Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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

TOWN OF FRENCH LICK  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Capital outlay.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

*Utility operating expenses.* Amounts disbursed for operating the utilities.

*Other disbursements.* Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF FRENCH LICK  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

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

State statutes authorize the Town to invest in securities including, but not limited to, the following: 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

TOWN OF FRENCH LICK  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

**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 year 2017 totaled \$54,000.

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#### OTHER INFORMATION - UNAUDITED

The Town's Annual Financial Report information can be found on the Indiana Gateway for Government Units 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 Town's Annual Financial Report 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, 2017

	General	Motor Vehicle Highway	Local Road And Street	Income Tax	Law Enforcement Continuing Ed	Rainy Day
Cash and investments - beginning	\$ 143,600	\$ 75,856	\$ 3,866	\$ 35,022	\$ 4,720	\$ 82,911
Receipts:						
Taxes	597,712	188,486	-	112,056	-	-
Licenses and permits	14,972	-	-	-	820	-
Intergovernmental receipts	950,886	68,474	8,902	-	-	-
Charges for services	-	-	-	-	543	-
Fines and forfeits	1,680	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	2,074,798	9,398	1,319	-	-	154,260
Total receipts	3,640,048	266,358	10,221	112,056	1,363	154,260
Disbursements:						
Personal services	389,817	169,705	-	-	-	-
Supplies	21,464	31,741	-	-	-	-
Other services and charges	3,220,669	25,153	380	71,692	-	23,108
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	2,279	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	477	-	-	-	60	-
Total disbursements	3,632,427	228,878	380	71,692	60	23,108
Excess (deficiency) of receipts over disbursements	7,621	37,480	9,841	40,364	1,303	131,152
Cash and investments - ending	\$ 151,221	\$ 113,336	\$ 13,707	\$ 75,386	\$ 6,023	\$ 214,063

TOWN OF FRENCH LICK  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Levy Excess	PD Leverage/ Undisbursed Loan	FLRLF-LOAN	Fire Department- Contract	Airport-Petty Cash	Casino
Cash and investments - beginning	\$ 10	\$ 30,875	\$ 346,950	\$ -	\$ -	\$ 864,038
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	1,778,448
Charges for services	-	-	-	126,000	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	475,960	-	135	723,326
Total receipts	-	-	475,960	126,000	135	2,501,774
Disbursements:						
Personal services	-	-	-	-	-	25,463
Supplies	-	-	-	27,349	-	-
Other services and charges	-	-	-	93,162	-	874,606
Debt service - principal and interest	-	-	-	-	-	1,329,649
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	561,395	-	-	-
Total disbursements	-	-	561,395	120,511	-	2,229,718
Excess (deficiency) of receipts over disbursements	-	-	(85,435)	5,489	135	272,056
Cash and investments - ending	\$ 10	\$ 30,875	\$ 261,515	\$ 5,489	\$ 135	\$ 1,136,094

TOWN OF FRENCH LICK  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Redev Com/Tif Checking	Grants	Debt Service	Airport Miscellaneous	Aviation Revolving Gas	Airport Operating Fund
Cash and investments - beginning	\$ 2,059,675	\$ 9,330	\$ 32,767	\$ 22,183	\$ 172,992	\$ 34,066
Receipts:						
Taxes	1,722,606	-	27,788	-	-	120,004
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	1,490,930	1,887	-	-	7,275
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	99,779	-	-	128,281	119,444	25,672
Total receipts	1,822,385	1,490,930	29,675	128,281	119,444	152,951
Disbursements:						
Personal services	-	-	-	-	-	109,950
Supplies	-	-	-	51,984	169,133	7,148
Other services and charges	216,378	1,471,878	-	-	-	32,950
Debt service - principal and interest	-	-	54,000	-	-	-
Capital outlay	2,026,729	-	-	-	-	181
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	2,243,107	1,471,878	54,000	51,984	169,133	150,229
Excess (deficiency) of receipts over disbursements	(420,722)	19,052	(24,325)	76,297	(49,689)	2,722
Cash and investments - ending	\$ 1,638,953	\$ 28,382	\$ 8,442	\$ 98,480	\$ 123,303	\$ 36,788

TOWN OF FRENCH LICK  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	French Lick Tourism	FLRLF-Loan Operating	Sewer Cash Drawer	FI Redevelopment/ Other Income	Park And Recreation Improvements
Cash and investments - beginning	\$ 2,434	\$ 22,140	\$ 200	\$ 127,967	\$ 6,164
Receipts:					
Taxes	-	-	-	-	10,272
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	4,260
Charges for services	-	-	-	39,000	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	23,940	47,997	-	135,956	-
Total receipts	23,940	47,997	-	174,956	14,532
Disbursements:					
Personal services	-	26,013	-	-	-
Supplies	-	4,868	-	-	3,952
Other services and charges	26,044	2,400	-	106,602	4,877
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	65
Utility operating expenses	-	-	-	-	-
Other disbursements	-	20,000	-	-	-
Total disbursements	26,044	53,281	-	106,602	8,894
Excess (deficiency) of receipts over disbursements	(2,104)	(5,284)	-	68,354	5,638
Cash and investments - ending	\$ 330	\$ 16,856	\$ 200	\$ 196,321	\$ 11,802

TOWN OF FRENCH LICK  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Cumulative Capital Improvements Fund	Payroll	Sewer Operating	Sewer-Debt Reserve	Totals
Cash and investments - beginning	\$ 11,763	\$ 433	\$ 124,306	\$ 289,729	\$ 4,503,997
Receipts:					
Taxes	-	-	-	-	2,778,924
Licenses and permits	-	-	-	-	15,792
Intergovernmental receipts	4,394	-	-	-	4,315,456
Charges for services	-	-	-	-	165,543
Fines and forfeits	-	-	-	-	1,680
Utility fees	-	-	620,782	-	620,782
Other receipts	-	768,712	124,171	250,115	5,163,263
Total receipts	4,394	768,712	744,953	250,115	13,061,440
Disbursements:					
Personal services	-	-	122,664	-	843,612
Supplies	-	-	-	-	317,639
Other services and charges	-	-	19,149	-	6,189,048
Debt service - principal and interest	-	-	-	230,565	1,614,214
Capital outlay	-	-	-	-	2,029,254
Utility operating expenses	-	-	372,295	-	372,295
Other disbursements	-	768,710	250,000	-	1,600,642
Total disbursements	-	768,710	764,108	230,565	12,966,704
Excess (deficiency) of receipts over disbursements	4,394	2	(19,155)	19,550	94,736
Cash and investments - ending	\$ 16,157	\$ 435	\$ 105,151	\$ 309,279	\$ 4,598,733

TOWN OF FRENCH LICK  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Wastewater	<u>\$ -</u>	<u>\$ 46,003</u>

TOWN OF FRENCH LICK  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Dickason HRC Investment LLC	Redevelopment	\$ 138,208	10/01/2012	10/01/2030
Old National Bank	Firetruck Purchase	91,452	02/01/2009	02/01/2018
Redevelopment Authority	Land and Public Improvements	825,465	06/03/2007	05/30/2027
Redevelopment Authority	Land and Public Improvements	412,732	06/03/2007	06/01/2027
French Lick Town Hall Building Corporation	Municipal Building	<u>54,000</u>	01/18/2001	01/01/2041
Total of annual lease payments		<u>\$ 1,521,857</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Wastewater: Revenue bonds	SEWAGE WORKS REFUNDING BOND		<u>\$ 3,345,939</u>	<u>\$ 230,565</u>

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](http://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 *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

***Opinion on Each 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 each of its major federal programs for the year ended December 31, 2017.

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

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002. 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 the Uniform Guidance, 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.


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 a 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002, that we consider to be a material weakness.

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.

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

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

December 20, 2018

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.

TOWN OF FRENCH LICK  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2017

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	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Commerce</u>					
Economic Development Cluster					
Economic Adjustment Assistance Revolving Loan	Direct	11.307	06-019-02187	\$ -	\$ 1,028,209
Total - Economic Development Cluster				-	1,028,209
Total - Department of Commerce				-	1,028,209
<u>Federal Aviation Administration</u>					
Airport Improvement Program	Direct	20.106			
Taxiway Project FY2014			03-18-0027-14	-	2,102
Taxiway Project FY2015			03-18-0027-15	-	13,202
Taxiway Project FY2016			03-18-0027-16	-	1,293,960
Taxiway Project FY2017			03-18-0027-17	-	27,000
Total - Airport Improvement Program				-	1,336,264
Total - Department of Transportation				-	1,336,264
Total federal awards expended				\$ -	\$ 2,364,473

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

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 (SEFA) includes the federal grant activity of the Town under programs of the federal government for the year ended December 31, 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the Town, it is not intended to and does not present the financial position of the Town.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The Town has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3. Calculation of Expenditures of the Economic Development Cluster Presented on the SEFA**

Description	Amount
Balance of Revolving Loan Fund loans outstanding at December 31, 2017	\$ 1,039,293
Add: Cash and Investment balance of FLRLF - Loan Operating fund at December 31, 2017	16,855
Add: Cash and Investment balance of FLRLF - Loan fund at December 31, 2017	261,515
Add: Administrative expenses paid out of FLRLF - Loan Operating during 2017	53,282
Total Expenditures	1,370,945
Multiplied by the Federal Participation Rate	0.75
Total presented on SEFA	\$ 1,028,209

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 weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

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

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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**Section II - Financial Statement Findings**

**FINDING 2017-001**

Subject: Internal Controls over Cash and Investments  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-002.

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

*Condition*

There were deficiencies in the internal control system of the Town related to cash and investments. The Clerk-Treasurer prepared the monthly bank reconcilements without evidence of an oversight, review, or approval process.

*Context*

The lack of internal controls was a systemic issue throughout the audit period.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

*Cause*

Management of the Town had not established a proper system of internal control over cash and investments.

*Effect*

The failure to establish and properly implement controls could have enabled material misstatements or irregularities to remain undetected.

*Recommendation*

We recommended that the Town establish a system of internal controls related to cash and investments.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2017-002**

Subject: Economic Adjustment Assistance - Special Tests and Provisions -  
Increases to RLF Capital Base and Capital Utilization

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

Compliance Requirement: Special Tests and Provisions - Increases to  
RLF Capital Base and Capital Utilization

Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-005.

*Condition*

An effective internal control system was not in place at the Town in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization compliance requirement.

The Town had not established an effective internal control system to ensure compliance with the Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization requirements. The Director of the Revolving Loan Fund (Director) was aware of the need to continually seek new applicants; however, there were no controls in place to ensure that the appropriate percentage of RLF Capital Base was loaned to qualified applicants, or that the excess funds were properly sequestered.

The Director was responsible for ensuring that a sufficient portion of the Revolving Loan Fund capital base had been loaned to qualifying entities and that the federal portion of sequestered funds was properly remitted to the Economic Development Authority. For the reporting periods ending March 30, 2017, and September 30, 2017, the Town had not loaned out an adequate amount of money as a proportion of the capital base, nor were the excess funds properly sequestered.

*Context*

The lack of controls and noncompliance were systemic issues throughout the audit period.

*Criteria*

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. . . ."

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

13 CFR 307.16(c) states:

*"Capital utilization standard.*

- (1) During the Revolving Phase, RLF Recipients must manage their repayment and lending schedules to provide that at all times at least 75 percent of the RLF Capital is loaned or committed, except that EDA may require an RLF Recipient with an RLF Capital base in excess of \$4 million to adopt a Plan that maintains a proportionately higher percentage of its funds loaned.
- (2) When the percentage of loaned RLF Capital falls below the capital utilization standard, the dollar amount of the RLF funds equivalent to the difference between the actual percentage of RLF Capital loaned and the capital utilization standard is referred to as 'excess funds.'
  - (i) *Sequestration of excess funds.* If the RLF Recipient fails to satisfy the capital utilization standard for two consecutive Reporting Periods, EDA may require the RLF Recipient to deposit excess funds in an interest-bearing account. The portion of interest earned on the account holding excess funds attributable to the Federal Share (as defined in § 314.5 of this chapter) of the RLF Grant shall be remitted to the U.S. Treasury. The RLF Recipient must obtain EDA's written authorization to withdraw any sequestered funds.
  - (ii) *Persistent non-compliance.* An RLF Recipient will generally be allowed a reasonable period of time to lend excess funds and achieve the capital utilization standard. However, if an RLF Recipient fails to achieve the capital utilization standard after a reasonable period of time, as determined by EDA, it may be subject to sanctions such as suspension or termination."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the Town.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the Town's management establish controls to ensure compliance and comply with the Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization compliance requirement.

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

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

#### 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**  
7949 W Hunters Run Drive  
French Lick, Indiana 47432-8315

**BOARD OF TRUSTEES**

Barry Wininger (President)  
John H. Harrison  
Marlene Noble  
Don Renner  
Tony Watts

**CLERK TREASURER**

Melinda Pendley

Incorporated May 2, 1857

Telephone 812.936.4737

Fax: 812.936.7006

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FINDING 2016-001**

Fiscal year in which the finding initially occurred: 2016

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A

Contact Person Responsible for Corrective Action: Melinda Pendley, Clerk-Treasurer


Contact Phone Number: (812) 936-4737


Status of Audit Finding: Financial information is entered into Gateway by the Clerk-Treasurer after review and approval by appropriate personnel to prevent errors and to accurately report information on the Schedule of Expenditures of Federal Awards (SEFA)

Please note Finding 2016-001 is a repeat finding from 2015 in which the audit was completed in 2017. The Clerk-Treasurer was unable to correct the finding in 2016 until 2017 when the audit was completed.

Effective Date: June 2017

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

**Town of French Lick**  
7949 W Hunters Run Drive  
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**CLERK TREASURER**

Melinda Pendley

Incorporated May 2, 1857

Telephone 812.936.4737

Fax: 812.936.7006

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2016-002**

Fiscal year in which the finding initially occurred: 2016

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A

Contact Person Responsible for Corrective Action: Melinda Pendley, Clerk-Treasurer

Contact Phone Number: (812) 936-4737

Status of Audit Finding: Please note Finding 2016-002 is a repeat finding from 2015, in which the audit was not completed until 2017. At that time, office procedures were reviewed and recommendation of additional internal controls were added. Financial transactions and reporting are reviewed and approved by appropriate personnel. Each month the Clerk-Treasurer prepares the monthly financial information and monthly bank reconciliations to each Board for their review and approval, i.e. Redevelopment Commission, Revolving Loan Fund Board, Airport Board of Aviation, etc. Financial transactions are also reviewed and approved by Town Council members at each meeting.

Effective Date: January 2019

  
\_\_\_\_\_  
(Signature)

*Clerk-Treasurer*  
\_\_\_\_\_  
(Title)

*12-20-18*  
\_\_\_\_\_  
(Date)

**Town of French Lick**  
7949 W Hunters Run Drive  
French Lick, Indiana 47432-8315

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**CLERK TREASURER**

Melinda Pendley

Incorporated May 2, 1857

Telephone 812.936.4737

Fax: 812.936.7006

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FINDING 2016-003**

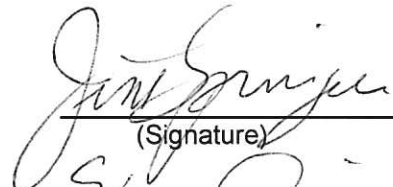
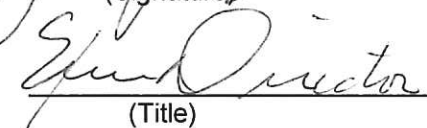

Fiscal year in which the finding initially occurred: 2016

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Commerce

Contact Person Responsible for Corrective Action: Jim Springer, Executive Director

Contact Phone Number: (812) 936-4885

Status of Audit Finding: Effective April 1, 2018, the French Lick Revolving Loan Account and the Administrative Account have been combined into one account. Bank reconciliations are completed by both the Clerk-Treasurer and the Executive Director. The French Lick Revolving Loan Fund Board reviews and approves the financial reporting at each meeting.

  
\_\_\_\_\_  
(Signature)  
  
\_\_\_\_\_  
(Title)  
  
\_\_\_\_\_  
(Date)

**Town of French Lick**  
7949 W Hunters Run Drive  
French Lick, Indiana 47432-8315

**BOARD OF TRUSTEES**

Barry Wininger (President)  
John H. Harrison  
Marlene Noble  
Don Renner  
Tony Watts

**CLERK TREASURER**

Melinda Pendley

Incorporated May 2, 1857

Telephone 812.936.4737

Fax: 812.936.7006

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FINDING 2016-004**

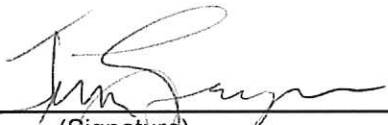

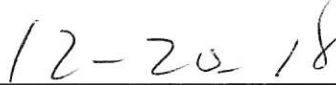
Fiscal year in which the finding initially occurred: 2016

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Commerce

Contact Person Responsible for Corrective Action: Jim Springer, Executive Director

Contact Phone Number: (812) 936-4885

Status of Audit Finding: Effective January 2017, the Clerk-Treasurer documents time spent on performance of duties pertaining to the French Lick Revolving Loan Fund and is included in the Executive Director monthly report.

  
\_\_\_\_\_  
(Signature)  
  
\_\_\_\_\_  
(Title)  
  
\_\_\_\_\_  
(Date)

**Town of French Lick**  
7949 W Hunters Run Drive  
French Lick, Indiana 47432-8315

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Barry Wininger (President)  
John H. Harrison  
Marlene Noble  
Don Renner  
Tony Watts

**CLERK TREASURER**

Melinda Pendley

Incorporated May 2, 1857

Telephone 812.936.4737

Fax: 812.936.7006

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FINDING 2016-005**

Fiscal year in which the finding initially occurred: 2016

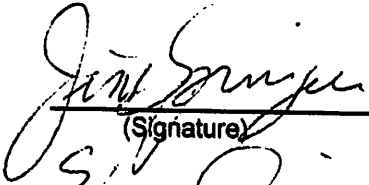

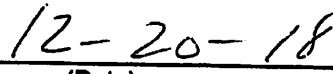
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Commerce

Contact Person Responsible for Corrective Action: Jim Springer, Executive Director

Contact Phone Number: (812) 936-4885

Status of Audit Finding: The management of the French Lick Revolving Loan funds are being reviewed and approved by the French Lick Revolving Loan Fund Board. Due to timing of the SBOA audit, the Executive Director will be consulting with the French Lick Revolving Loan Fund Board and EDA on an addendum to our current plan addressing the issue of excess funds, above the allowed percentage available to loan, when loan requests are minimal.

Anticipated completion date: June 2019

  
\_\_\_\_\_  
(Signature)  
  
\_\_\_\_\_  
(Title)  
  
\_\_\_\_\_  
(Date)

**Town of French Lick**  
7949 W Hunters Run Drive  
French Lick, Indiana 47432-8315

**BOARD OF TRUSTEES**

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John H. Harrison  
Marlene Noble  
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Tony Watts

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Melinda Pendley

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2016-006**

Fiscal year in which the finding initially occurred: 2016



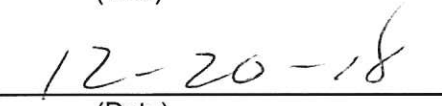
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Commerce

Contact Person Responsible for Corrective Action: Jim Springer, Executive Director

Contact Phone Number: (812) 936-4885

Status of Audit Finding: The Executive Director advises internal controls are in place to ensure that all loan documentation requirements are obtained in the applicant file.

Effective date January 2018

  
\_\_\_\_\_  
(Signature)  
  
\_\_\_\_\_  
(Title)  
  
\_\_\_\_\_  
(Date)

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**CORRECTIVE ACTION PLAN**

**FINDING 2017-001 INTERNAL CONTROLS OVER CASH AND INVESTMENTS**

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

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Clerk-Treasurer will prepare the monthly bank reconciliations and the Business Office Manager will review and approve each month.

Anticipated Completion Date: Begin January 2019

  
\_\_\_\_\_  
(Signature)

*Clerk-Treasurer*  
\_\_\_\_\_  
(Title)

*12-17-18*  
\_\_\_\_\_  
(Date)

**Town of French Lick**  
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**CORRECTIVE ACTION PLAN**

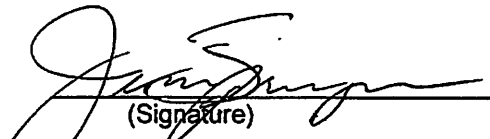

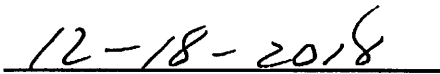
**FINDING 2017-002 SPECIAL TESTS AND PROVISIONS – INCREASES TO RLF CAPITAL BASE AND CAPITAL UTILIZATION**

Contact Person Responsible for Corrective Action: James Springer, Executive Director  
Contact Phone Number: (812) 936-4885

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Executive Director will be consulting with the French Lick Revolving Loan Fund Board and EDA to work on an addendum to our current plan addressing the issue of excess funds being above the allowed percentage available to loan.

Anticipated Completion Date: June 2019

  
(Signature)  
  
(Title)  
  
(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/>.