

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

EXAMINATION REPORT
OF
TOWN OF CYNTHIANA
POSEY COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
12/14/2010

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Greta Mounts

01-01-04 to 12-31-11

President of the Town Council

Steven M. Sims
Dan Rice

01-01-07 to 03-05-07
03-05-07 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF CYNTHIANA, POSEY COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Cynthiana (Town), for the period of January 1, 2007 to December 31, 2009. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2007, 2008, and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

October 4, 2010

TOWN OF CYNTHIANA
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 101,228	\$ 30,696	\$ 100,451	\$ 31,473
Motor Vehicle Highway	33,894	33,714	30,184	37,424
Local Road and Street	34,128	3,405	379	37,154
Build Indiana Fund	446	-	-	446
Home Grant	23,126	371	-	23,497
Cumulative Capital Improvement	26,376	2,434	-	28,810
Cumulative Capital Development	31,834	-	-	31,834
Proprietary Funds:				
Water Utility - Operating	31,989	96,669	111,354	17,304
Water Utility - Customer Deposit	16,423	2,645	2,410	16,658
Wastewater Utility - Operating	64,036	371,918	391,340	44,614
Wastewater Utility - Bond and Interest	12,963	2,019	10,430	4,552
Fiduciary Fund:				
Payroll	901	125,284	125,359	826
Totals	\$ 377,344	\$ 669,155	\$ 771,907	\$ 274,592
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 31,473	\$ 88,239	\$ 93,073	\$ 26,639
Motor Vehicle Highway	37,424	30,240	22,684	44,980
Local Road and Street	37,154	3,271	678	39,747
Build Indiana Fund	446	-	-	446
Home Grant	23,497	-	-	23,497
Cumulative Capital Improvement	28,810	2,254	-	31,064
Cumulative Capital Development	31,834	3,317	-	35,151
Proprietary Funds:				
Water Utility - Operating	17,304	99,248	102,372	14,180
Water Utility - Customer Deposit	16,658	2,700	2,397	16,961
Wastewater Utility - Operating	44,614	163,340	136,640	71,314
Wastewater Utility - Bond and Interest	4,552	9	-	4,561
Fiduciary Fund:				
Payroll	826	130,826	129,847	1,805
Totals	\$ 274,592	\$ 523,444	\$ 487,691	\$ 310,345
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 26,639	\$ 100,370	\$ 87,292	\$ 39,717
Motor Vehicle Highway	44,980	24,051	13,797	55,234
Local Road and Street	39,747	4,292	998	43,041
Build Indiana Fund	446	-	446	-
Home Grant	23,497	-	-	23,497
Rainy Day	-	1,909	-	1,909
Cumulative Capital Improvement	31,064	2,125	-	33,189
Cumulative Capital Development	35,151	3,553	-	38,704
Proprietary Funds:				
Water Utility - Operating	14,180	99,687	79,191	34,676
Water Utility - Customer Deposit	16,961	2,845	2,959	16,847
Wastewater Utility - Operating	71,314	162,924	122,897	111,341
Wastewater Utility - Bond and Interest	4,561	-	4,561	-
Fiduciary Fund:				
Payroll	1,805	98,749	98,399	2,155
Totals	\$ 310,345	\$ 500,505	\$ 410,540	\$ 400,310

The accompanying notes are an integral part of the financial information.

TOWN OF CYNTHIANA
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety (police and fire), highways and streets, culture and recreation, general administrative services, water and wastewater.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. 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% 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 become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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.

TOWN OF CYNTHIANA
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

TOWN OF CYNTHIANA
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS (Town, Water, and Wastewater Utilities)

The Town and Utilities did not maintain a complete inventory of all capital assets owned.

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

LAW ENFORCEMENT CONTINUING EDUCATION FUND (Town)

The Town is depositing handgun application fees in the General Fund.

IC 35-47-2-3 states in part:

"The law enforcement agency which accepts an application for a handgun license shall collect the following application fees:

- (1) From a person applying for a four (4) year handgun license, a ten dollar (\$10) application fee, five dollars (\$5) of which shall be refunded if the license is not issued.
- (2) From a person applying for a lifetime handgun license who does not currently possess a valid Indiana handgun license, a fifty dollar (\$50) application fee, thirty dollars (\$30) of which shall be refunded if the license is not issued.
- (3) From a person applying for a lifetime handgun license who currently possesses a valid Indiana handgun license, a forty dollar (\$40) application fee, thirty dollars (\$30) of which shall be refunded if the license is not issued. Except as provided in subsection (h), the fee shall be deposited into the law enforcement agency's firearms training fund or other appropriate training activities fund and used by the agency to train law enforcement officers in the proper use of firearms or in other law enforcement duties, or to purchase firearms, firearm related equipment, or body armor (as defined in IC 35-47-5-13(a)) for the law enforcement officers employed by the law enforcement agency. The state board of accounts shall establish rules for the proper accounting and expenditure of funds collected under this subsection."

TOWN OF CYNTHIANA
EXAMINATION RESULTS AND COMMENTS
(Continued)

DELINQUENT WASTEWATER ACCOUNTS (Wastewater Utility)

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

IC 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) a list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
 - (B) a description of the premises, as shown by the records of the county auditor; and
 - (C) the amount of the delinquent fees, together with the penalty; or
- (2) an individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder. . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

TOWN OF CYNTHIANA
EXIT CONFERENCE

The contents of this report were discussed on October 15, 2010, with Greta Mounts, Clerk-Treasurer, and Dan Rice, President of the Town Council. The officials concurred with our findings.