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

EXAMINATION REPORT  
OF  
TOWN OF CHRISNEY  
SPENCER COUNTY, INDIANA  
January 1, 2008 to December 31, 2009



**FILED**  
12/14/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kim Litkenhus	01-01-08 to 12-31-11
President of the Town Council	Neal Dougan	01-01-08 to 12-31-10
Superintendent of Utilities	John Graham	01-01-08 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 CHRISNEY, SPENCER COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Chrisney (Town), for the period of January 1, 2008 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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

October 12, 2010

TOWN OF CHRISNEY  
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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
<b>Governmental Funds:</b>				
General	\$ 58,495	\$ 630,629	\$ 625,426	\$ 63,698
Motor Vehicle Highway	34,978	14,542	7,638	41,882
Local Road and Street	2,853	2,154	2,467	2,540
Cemetery	9,501	1,841	1,577	9,765
Perpetual Care	8,096	900	-	8,996
Law Enforcement Continuing Education	926	270	1,052	144
Planning and Zoning	2,196	1,430	1,318	2,308
Police Donations	11,453	-	1,068	10,385
Cumulative Capital Improvement	6,536	1,768	-	8,304
Economic Development Income Tax	12,495	9,306	4,969	16,832
Cumulative Building and Fire Fighting Equipment	10,857	36,632	35,879	11,610
Rainy Day	1,953	1,123	-	3,076
Riverboat	8,580	3,413	1,611	10,382
Levy Excess	472	-	373	99
Library Donation	30,125	64,488	44,602	50,011
Park and Recreation Donation	-	2,445	-	2,445
Donation	-	5,000	4,999	1
<b>Proprietary Funds:</b>				
Water Utility - Operating	55,375	456,000	413,334	98,041
Water Utility - Bond and Interest	-	18,410	18,410	-
Water Utility - Customer Deposit	6,860	2,000	1,750	7,110
Water Utility - Debt Service	22,515	-	-	22,515
Water Utility - Cash Reserve	-	10,000	10,000	-
Wastewater Utility - Operating	30,605	181,298	189,453	22,450
Wastewater Utility - Bond and Interest	4,814	14,700	14,700	4,814
Wastewater Utility - Debt Reserve	10,408	1,536	-	11,944
Wastewater Utility - Cash Reserve	-	40,000	40,000	-
Wastewater Utility - Customer Deposit	3,300	1,900	1,600	3,600
Gas Utility - Operating	24,860	270,489	282,085	13,264
Gas Utility - Customer Deposit	7,460	1,400	1,400	7,460
<b>Fiduciary Fund:</b>				
Payroll	2,680	141,613	140,692	3,601
<b>Totals</b>	<b>\$ 368,393</b>	<b>\$ 1,915,287</b>	<b>\$ 1,846,403</b>	<b>\$ 437,277</b>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
<b>Governmental Funds:</b>				
General	\$ 63,698	\$ 946,701	\$ 966,089	\$ 44,310
Motor Vehicle Highway	41,882	14,241	6,657	49,466
Local Road and Street	2,540	2,043	2,218	2,365
Cemetery	9,765	1,459	1,365	9,859
Perpetual Care	8,996	200	-	9,196
Law Enforcement Continuing Education	144	190	100	234
Planning and Zoning	2,308	500	175	2,633
Police Donations	10,385	-	1,566	8,819
Cumulative Capital Improvement	8,304	1,668	2,600	7,372
Economic Development Income Tax	16,832	10,116	4,167	22,781
Cumulative Building and Fire Fighting Equipment	11,610	48,808	36,052	24,366
Rainy Day	3,076	-	-	3,076
Riverboat	10,382	8,404	5,000	13,786
FEMA Fire Truck Grant	-	190,000	190,000	-
Levy Excess	99	-	-	99
Library Donation	50,011	42,520	68,095	24,436
Park and Recreation Donation	2,445	-	-	2,445
Donation	1	3,000	3,000	1
<b>Proprietary Funds:</b>				
Water Utility - Operating	98,041	949,118	899,713	147,446
Water Utility - Bond and Interest	-	19,185	19,185	-
Water Utility - Customer Deposit	7,110	1,000	1,200	6,910
Water Utility - Debt Service	22,515	-	-	22,515
Wastewater Utility - Operating	22,450	144,077	154,258	12,269
Wastewater Utility - Bond and Interest	4,814	14,545	14,545	4,814
Wastewater Utility - Debt Reserve	11,944	1,536	-	13,480
Wastewater Utility - Customer Deposit	3,600	800	1,100	3,300
Gas Utility - Operating	13,264	279,123	253,090	39,297
Gas Utility - Customer Deposit	7,460	800	900	7,360
<b>Fiduciary Fund:</b>				
Payroll	3,601	143,157	144,172	2,586
<b>Totals</b>	<b>\$ 437,277</b>	<b>\$ 2,823,191</b>	<b>\$ 2,775,247</b>	<b>\$ 485,221</b>

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

TOWN OF CHRISNEY  
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, health and social services, culture and recreation, general administrative services, water, wastewater, and gas.

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. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

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 CHRISNEY  
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.

Note 7. Subsequent Event

Downtown Revitalization Grant

The Town was awarded a Community Development Block Grant through the U.S. Department of Housing and Urban Development in the amount of \$49,230 to be used for downtown revitalization planning. On January 4, 2010, the Town entered into a contract with Indiana 15 Regional Planning Commission to administer the grant for \$5,000. On March 1, 2010, the Town signed an agreement with Morley and Associates for engineering for this project for \$48,000. The local portion of the costs which amounts to \$3,770 will be paid from the Economic Development Income Tax Fund.

Dam Improvement Grant

The Town was awarded an \$872,600 Community Development Block Grant through the U.S. Department of Housing and Urban Development to be used to make improvements to the Chrisney Lake Dam. On September 9, 2010, the Town entered into a contract for engineering services with Commonwealth Engineers. The required completion date for the dam improvement project is March 31, 2012.

TOWN OF CHRISNEY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal Due Within One Year
Governmental activities:		
Capital leases:		
Pumper Tanker Fire Truck	\$ 85,892	\$ 26,878
Business-type activities:		
Water Utility:		
Revenue bonds:		
1996 Waterworks Revenue Bonds	287,000	18,915
Wastewater Utility:		
Revenue bonds:		
2000 Wastewater Revenue Bonds	262,000	5,195
Total business-type activities debt	\$ 549,000	\$ 24,110

TOWN OF CHRISNEY  
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS (Applies to Town, Water, Wastewater, and Gas Utilities)

The Town did not maintain capital asset records during 2008 and 2009. A similar comment appeared in the prior report.

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 form. 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)

ORDINANCES AND RESOLUTIONS (Applies to Water Utility)

The Chrisney Water Utility has an ordinance concerning water rates. However, the large volume user rate billed to AK Steel was calculated incorrectly for the billing dates of October 5, 2009, and December 5, 2009, resulting in an under billing of \$2,025.58. A similar comment appeared in the prior report.

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

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF CHRISNEY  
EXIT CONFERENCE

The contents of this report were discussed on October 12, 2010, with Kim Litkenhus, Clerk-Treasurer; and Neal Dougan, President of the Town Council. The officials concurred with our findings.