

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF SYRACUSE
KOSCIUSKO COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
12/10/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Julie Kline	01-01-12 to 12-31-15
President of the Town Council	Bill Musser Brian Woody	01-01-13 to 12-31-13 01-01-14 to 12-31-14



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF SYRACUSE, KOSCIUSKO COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the year ended December 31, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 23, 2014, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.


Accompanying Information

Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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


Paul D. Joyce, CPA
State Examiner

October 23, 2014



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 SYRACUSE, KOSCIUSKO 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 Syracuse (Town), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated October 23, 2014, 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 a material weakness.

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

October 23, 2014

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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 SYRACUSE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
General	\$ 828,777	\$ 1,695,403	\$ 1,583,143	\$ 941,037
Motor Vehicle Highway	630,508	762,994	708,421	685,081
Local Road & Street	248,546	25,347	25,000	248,893
Park Nonrevert Operating	9,640	17,280	16,276	10,644
Economic Dev Income Tax	463,842	1,855,187	1,619,060	699,969
Local Law Enf Cont Ed	3,978	2,780	2,004	4,754
Unsafe Building	10,000	-	-	10,000
Park & Recreation	279,766	297,525	336,106	241,185
Rainy Day	323,963	-	-	323,963
Cum Cap Imp - Cig Tax	55,520	7,543	20,000	43,063
Cum Cap Development	173,392	41,786	42,000	173,178
Park Nonreverting Capital	18	-	-	18
Cum Cap Imp - Prop Tax	163,526	26,498	-	190,024
Cumulative Storm Sewer	317,058	45,047	1,744	360,361
Cumulative Park	20,980	19,567	20,000	20,547
TIF - Town Of Syracuse	33,365	-	-	33,365
Riverboat Revenue Sharing	88,393	16,646	-	105,039
Construction Retainage	72,064	71,577	98,718	44,923
Town Donation	6,784	11,010	6,893	10,901
Law Enforcement Forfeiture	1,099	-	-	1,099
Federal Grants Operating	620	2,167,314	2,167,384	550
State Grant	-	700,000	700,000	-
Affordable Housing	17,536	220	-	17,756
Emerg Housing Repair Loan	11,081	776	3,500	8,357
Comm/Retail Facade Impr	17,235	-	-	17,235
Police Donation	3,411	2,456	2,896	2,971
Park Donation	1,056	2,768	1,103	2,721
TIF - South Benton	-	55,870	-	55,870
Payroll	6,190	1,582,921	1,582,411	6,700
Trash Performance Bond	26,000	-	-	26,000
Wastewater Utility Operating	58,203	606,823	579,866	85,160
Wastewater Depreciation	97,900	21,442	57,999	61,343
Wastewater Debt Service	169,984	-	169,600	384
Water Utility Operating	81,430	956,333	954,960	82,803
Water Utility Depreciation	724,141	174,000	11,236	886,905
Water Debt Service Reserve	491,039	-	-	491,039
Water Utility Bond & Interest	363,229	360,000	471,342	251,887
Forest Park Debt Service	37,014	35,328	20,711	51,631
Utility Deposit Fund	18,785	11,595	3,525	26,855
Oakwood Infrastr Improv	137,270	34,663	54,304	117,629
Totals	<u>\$ 5,993,343</u>	<u>\$ 11,608,699</u>	<u>\$ 11,260,202</u>	<u>\$ 6,341,840</u>

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

TOWN OF SYRACUSE
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, storm water, trash, 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 may include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF SYRACUSE
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

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 may 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.

TOWN OF SYRACUSE
NOTES TO FINANCIAL STATEMENT
(Continued)

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

TOWN OF SYRACUSE
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

SUPPLEMENTARY INFORMATION - UNAUDITED

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

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the Town which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF SYRACUSE
 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 & Street	Park Nonrevert Operating	Economic Dev Income Tax	Local Law Enf Cont Ed	Unsafe Building
Cash and investments - beginning	\$ 828,777	\$ 630,508	\$ 248,546	\$ 9,640	\$ 463,842	\$ 3,978	\$ 10,000
Receipts:							
Taxes	747,527	632,494	-	-	-	-	-
Licenses and permits	14,402	762	-	-	-	1,790	-
Intergovernmental	925,421	125,674	25,347	-	159,134	-	-
Charges for services	-	510	-	17,280	-	175	-
Fines and forfeits	4,185	-	-	-	-	642	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	3,868	3,554	-	-	1,696,053	173	-
Total receipts	<u>1,695,403</u>	<u>762,994</u>	<u>25,347</u>	<u>17,280</u>	<u>1,855,187</u>	<u>2,780</u>	<u>-</u>
Disbursements:							
Personal services	961,688	321,384	-	-	-	-	-
Supplies	67,633	109,609	-	2,621	-	2,004	-
Other services and charges	411,749	191,659	25,000	8,367	6,108	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	142,073	85,519	-	1,975	1,612,952	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	250	-	3,313	-	-	-
Total disbursements	<u>1,583,143</u>	<u>708,421</u>	<u>25,000</u>	<u>16,276</u>	<u>1,619,060</u>	<u>2,004</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>112,260</u>	<u>54,573</u>	<u>347</u>	<u>1,004</u>	<u>236,127</u>	<u>776</u>	<u>-</u>
Cash and investments - ending	<u>\$ 941,037</u>	<u>\$ 685,081</u>	<u>\$ 248,893</u>	<u>\$ 10,644</u>	<u>\$ 699,969</u>	<u>\$ 4,754</u>	<u>\$ 10,000</u>

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

	Park & Recreation	Rainy Day	Cum Cap Imp - Cig Tax	Cum Cap Development	Park Nonreverting Capital	Cum Cap Imp - Prop Tax	Cumulative Storm Sewer
Cash and investments - beginning	\$ 279,766	\$ 323,963	\$ 55,520	\$ 173,392	\$ 18	\$ 163,526	\$ 317,058
Receipts:							
Taxes	255,901	-	-	39,197	-	24,826	42,204
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	17,239	-	7,543	2,589	-	1,672	2,843
Charges for services	20,302	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	4,083	-	-	-	-	-	-
Total receipts	<u>297,525</u>	<u>-</u>	<u>7,543</u>	<u>41,786</u>	<u>-</u>	<u>26,498</u>	<u>45,047</u>
Disbursements:							
Personal services	246,846	-	-	-	-	-	-
Supplies	15,197	-	-	-	-	-	-
Other services and charges	69,416	-	-	-	-	-	1,744
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	4,447	-	20,000	42,000	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	200	-	-	-	-	-	-
Total disbursements	<u>336,106</u>	<u>-</u>	<u>20,000</u>	<u>42,000</u>	<u>-</u>	<u>-</u>	<u>1,744</u>
Excess (deficiency) of receipts over disbursements	<u>(38,581)</u>	<u>-</u>	<u>(12,457)</u>	<u>(214)</u>	<u>-</u>	<u>26,498</u>	<u>43,303</u>
Cash and investments - ending	<u>\$ 241,185</u>	<u>\$ 323,963</u>	<u>\$ 43,063</u>	<u>\$ 173,178</u>	<u>\$ 18</u>	<u>\$ 190,024</u>	<u>\$ 360,361</u>

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

	Cumulative Park	TIF - Town Of Syracuse	Riverboat Revenue Sharing	Construction Retainage	Town Donation	Law Enforcement Forfeiture	Federal Grants Operating
Cash and investments - beginning	\$ 20,980	\$ 33,365	\$ 88,393	\$ 72,064	\$ 6,784	\$ 1,099	\$ 620
Receipts:							
Taxes	18,333	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	1,234	-	16,646	-	-	-	2,167,314
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	71,577	11,010	-	-
Total receipts	19,567	-	16,646	71,577	11,010	-	2,167,314
Disbursements:							
Personal services	-	-	-	-	-	-	2,372
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	20,000	-	-	-	-	-	468,959
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	98,718	6,893	-	1,696,053
Total disbursements	20,000	-	-	98,718	6,893	-	2,167,384
Excess (deficiency) of receipts over disbursements	(433)	-	16,646	(27,141)	4,117	-	(70)
Cash and investments - ending	\$ 20,547	\$ 33,365	\$ 105,039	\$ 44,923	\$ 10,901	\$ 1,099	\$ 550

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

	State Grant	Affordable Housing	Emerg Housing Repair Loan	Comm/Retail Facade Impr	Police Donation	Park Donation	TIF - South Benton
Cash and investments - beginning	\$ -	\$ 17,536	\$ 11,081	\$ 17,235	\$ 3,411	\$ 1,056	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	55,870
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	700,000	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	220	776	-	2,456	2,768	-
Total receipts	700,000	220	776	-	2,456	2,768	55,870
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	1,200	857	-
Other services and charges	-	-	3,500	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	1,696	246	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	700,000	-	-	-	-	-	-
Total disbursements	700,000	-	3,500	-	2,896	1,103	-
Excess (deficiency) of receipts over disbursements	-	220	(2,724)	-	(440)	1,665	55,870
Cash and investments - ending	\$ -	\$ 17,756	\$ 8,357	\$ 17,235	\$ 2,971	\$ 2,721	\$ 55,870

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

	Payroll	Trash Performance Bond	Wastewater Utility Operating	Wastewater Depreciation	Wastewater Debt Service	Water Utility Operating	Water Utility Depreciation
Cash and investments - beginning	\$ 6,190	\$ 26,000	\$ 58,203	\$ 97,900	\$ 169,984	\$ 81,430	\$ 724,141
Receipts:							
Taxes	-	-	-	-	-	49,775	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	597,742	18,027	-	893,168	4,000
Penalties	-	-	8,962	-	-	10,095	-
Other receipts	1,582,921	-	119	3,415	-	3,295	170,000
Total receipts	<u>1,582,921</u>	<u>-</u>	<u>606,823</u>	<u>21,442</u>	<u>-</u>	<u>956,333</u>	<u>174,000</u>
Disbursements:							
Personal services	1,582,411	-	212,859	-	-	153,087	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	12,823	-	-	15,208	-
Debt service - principal and interest	-	-	-	-	169,600	-	-
Capital outlay	-	-	-	57,999	-	-	11,236
Utility operating expenses	-	-	351,182	-	-	273,102	-
Other disbursements	-	-	3,002	-	-	513,563	-
Total disbursements	<u>1,582,411</u>	<u>-</u>	<u>579,866</u>	<u>57,999</u>	<u>169,600</u>	<u>954,960</u>	<u>11,236</u>
Excess (deficiency) of receipts over disbursements	<u>510</u>	<u>-</u>	<u>26,957</u>	<u>(36,557)</u>	<u>(169,600)</u>	<u>1,373</u>	<u>162,764</u>
Cash and investments - ending	<u>\$ 6,700</u>	<u>\$ 26,000</u>	<u>\$ 85,160</u>	<u>\$ 61,343</u>	<u>\$ 384</u>	<u>\$ 82,803</u>	<u>\$ 886,905</u>

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

	Water Debt Service Reserve	Water Utility Bond & Interest	Forest Park Debt Service	Utility Deposit Fund	Oakwood Infrastr Improv	Totals
Cash and investments - beginning	\$ 491,039	\$ 363,229	\$ 37,014	\$ 18,785	\$ 137,270	\$ 5,993,343
Receipts:						
Taxes	-	-	-	-	-	1,866,127
Licenses and permits	-	-	-	-	-	16,954
Intergovernmental	-	-	-	-	-	4,152,656
Charges for services	-	-	-	-	34,663	72,930
Fines and forfeits	-	-	-	-	-	4,827
Utility fees	-	-	-	-	-	1,512,937
Penalties	-	-	-	-	-	19,057
Other receipts	-	360,000	35,328	11,595	-	3,963,211
Total receipts	-	360,000	35,328	11,595	34,663	11,608,699
Disbursements:						
Personal services	-	-	-	-	-	3,480,647
Supplies	-	-	-	-	-	199,121
Other services and charges	-	-	-	-	-	745,574
Debt service - principal and interest	-	471,342	20,711	-	-	661,653
Capital outlay	-	-	-	-	36,304	2,505,406
Utility operating expenses	-	-	-	-	-	624,284
Other disbursements	-	-	-	3,525	18,000	3,043,517
Total disbursements	-	471,342	20,711	3,525	54,304	11,260,202
Excess (deficiency) of receipts over disbursements	-	(111,342)	14,617	8,070	(19,641)	348,497
Cash and investments - ending	\$ 491,039	\$ 251,887	\$ 51,631	\$ 26,855	\$ 117,629	\$ 6,341,840

TOWN OF SYRACUSE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2013

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ 35,221	\$ 51,142
Water	35,205	54,742
Syracuse Forest Park Debt Service	-	6,195
Oakwood Infrastructure Improvements	-	6,097
Governmental activities	<u>211,595</u>	<u>33,604</u>
Totals	<u>\$ 282,021</u>	<u>\$ 151,780</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Advanced Imaging	Copier Lease	\$ 1,406	1/22/2013	1/21/2018
DeLage Landen Public Finance LLC	Copier lease	1,693	2/20/2013	2/19/2018
Pitney Bowes	Mailing System	<u>1,620</u>	5/12/2010	5/12/2015
Total of annual lease payments		<u>\$ 4,719</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	Community Center Lease	\$ 405,000	\$ 60,000
Water:			
Revenue bonds	Waterworks Refunding Revenue Bonds of 2004	100,000	53,638
Revenue bonds	SRF Loan Water Improvements	<u>4,717,568</u>	<u>417,549</u>
Total Water		<u>4,817,568</u>	<u>471,187</u>
Syracuse Forest Park Debt Service:			
Revenue bonds	Forest Park Sewage Extension Bonds 2008	<u>220,671</u>	<u>20,711</u>
Totals		<u>\$ 5,443,239</u>	<u>\$ 551,898</u>

TOWN OF SYRACUSE
SCHEDULE OF CAPITAL ASSETS
December 31, 2013

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	\$ 941,429
Infrastructure	16,026,185
Buildings	2,905,767
Improvements other than buildings	482,688
Machinery, equipment, and vehicles	1,295,012
Construction in progress	3,395,382
Total governmental activities	25,046,463
Wastewater:	
Land	216,206
Infrastructure	3,221,187
Buildings	4,339,395
Improvements other than buildings	880,109
Machinery, equipment, and vehicles	1,108,518
Total Wastewater	9,765,415
Water:	
Land	37,979
Infrastructure	2,439,914
Buildings	5,833,143
Improvements other than buildings	615,050
Machinery, equipment, and vehicles	239,751
Total Water	9,165,837
Total capital assets	\$ 43,977,715

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE TOWN OF SYRACUSE, KOSCIUSKO COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Town of Syracuse'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 year ended December 31, 2013. 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.

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, 2013.

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


Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on 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.

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. A significant deficiency in internal control over compliance is a deficiency, or 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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


Paul D. Joyce, CPA
State Examiner

October 23, 2014

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Commerce</u>				
Economic Development Cluster				
Economic Adjustment Assistance	Direct grant	11.307	67905631	\$ 1,696,053
EDA Syracuse Industrial & Technology Park				
Total - Department of Commerce				<u>1,696,053</u>
<u>Department of Housing and Urban Development</u>				
Economic Development Initiative-Special Project,				
Neighborhood Initiative and Miscellaneous Grants	Direct grant	14.251	B-10-SP-IN-0362	<u>468,959</u>
EDI Industrial Park Infrastructure Improvements				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's				
Program and Non-Entitlement Grants in Hawaii	Indiana Office of Community and Rural Affairs	14.228	ID-11-002	<u>700,000</u>
Oakwood Acquisition Grant				
Total - Department of Housing and Urban Development				<u>1,168,959</u>
Total federal awards expended				<u>\$ 2,865,012</u>

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

TOWN OF SYRACUSE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Note 2. Subrecipients

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

Program Title	Federal CFDA Number	December 31, 2013
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	\$ <u>662,000</u>

TOWN OF SYRACUSE
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?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.251	Economic Development Cluster Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants CDBG - State-Administered CDBG Cluster

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

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

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

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

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to the achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, utility billings and collections, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

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

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FINDING 2013-002 - INTERNAL CONTROLS OVER PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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)

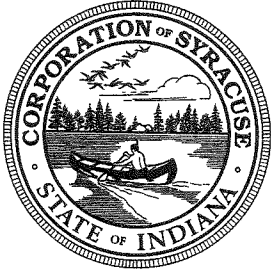
Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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AUDITEE PREPARED DOCUMENT

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



TOWN OF SYRACUSE

310 North Huntington Street
Syracuse, IN 46567
Phone (574) 457-3216 • Fax (574) 457-2693
Email: clerk@syracusein.org

October 16, 2014

CORRECTIVE ACTION PLAN

Section II – Financial Statement Findings

FINDING 2013 – 001

We will analyze and review our office procedures and assignment of duties to separate incompatible activities as much as possible. The Town of Syracuse is a small unit with a small staff. Our analysis will include determining the benefits of stronger internal control while considering the costs associated with adding additional staff to separate incompatible activities. This analysis and review will be completed in 60 days.

FINDING 2013 – 002

We are now aware of the new requirement requiring documentation of all federal transactions. Although our documentation was reviewed and discussed among many employees, we did not have the documentation to prove this had occurred. We will immediately implement a system to provide documentation of our internal controls.

Julie A Kline
Clerk Treasurer

OTHER REPORT

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