

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

SPECIAL INVESTIGATION REPORT  
OF

CLERK-TREASURER  
TOWN OF CYNTHIANA  
POSEY COUNTY, INDIANA

January 1, 2013 to December 31, 2014



**FILED**  
11/16/2016



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Greta Mounts	01-01-12 to 12-31-19
President of the Town Council	Scott A. Cox	01-01-13 to 12-31-15
	Troy E. Kennedy	01-01-16 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF CYNTHIANA

We have conducted a special investigation of the records of the Clerk-Treasurer, Town of Cynthiana, for the period from January 1, 2013 to December 31, 2014. Our investigation was limited to the examination of records related to compensation paid to and on behalf of the Clerk-Treasurer. The purpose of our investigation was to determine if the accountability for cash and other assets are satisfactory and that the transactions related thereto are in compliance with the laws and regulations of the State of Indiana. The results of our investigation are fully described in the Special Investigation Results and Comments and Summary of Charges as listed in the Table of Contents.

Any Official Response to the Special Investigation Results and Comments, incorporated within this report, was not verified for accuracy.

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

February 3, 2016

CLERK-TREASURER  
TOWN OF CYNTHIANA  
SPECIAL INVESTIGATION RESULTS AND COMMENTS

**2013 COMPENSATION**

During 2013, the Town Council made two changes to the compensation package for Greta Mounts, Clerk-Treasurer (Mounts). These changes resulted in Mounts being compensated a total of \$15,216.72 in excess of amounts approved in the 2013 salary ordinance. The first change took effect on July 1, 2013, after the Town Council amended the salary ordinance increasing Mounts' salary by \$10,920. The second change also took effect on July 1, 2013, when the Town Council agreed at an Executive Session to pay health insurance premiums on behalf of Mounts totaling \$4,296.72.

Because the salary for the Office of Clerk-Treasurer had been fixed with the passage of the original salary ordinance for the year 2013, the Town Council did not have the authority to authorize the two increases discussed in the first paragraph.

Indiana Code 36-5-3-2(c) states in part: "The compensation of an elected town officer may not be changed in the year for which it is fixed . . ."

Indiana Code 36-5-3-2 states in part:

"(a) As used in this section, 'compensation' means the total of all money paid to an elected town officer for performing duties as a town officer, regardless of the source of funds from which the money is paid.

(b) The town legislative body shall, by ordinance, fix the compensation of . . . the town clerk-treasurer . . ."

We requested that Mounts reimburse the Town of Cynthiana \$15,216.72 for increases to 2013 compensation. Subsequent to our request, Mounts executed an installment promissory note with the Town Council on March 8, 2016. (See Summary of Charges, page 10)

**2013 EXCESS EMPLOYER CONTRIBUTIONS**

During 2013, Mounts was paid compensation in excess of the compensation approved in the 2013 salary ordinance (see Special Investigation Result and Comment titled "2013 Compensation"). As a result, the Town paid excess employer contributions for Social Security/Medicare and Public Employee Retirement Fund (PERF) on Mounts behalf in the amount of \$1,927.38 as shown in the following schedule:

Social Security/Medicare Tax	\$ 835.38
PERF Contributions	<u>1,092.00</u>
Total	<u>\$ 1,927.38</u>

Indiana Code 36-5-3-2(c) states in part: "The compensation of an elected town officer may not be changed in the year for which it is fixed . . ."

Mounts executed an installment promissory note with the Town Council on March 8, 2016. The installment promissory note calls for the repayment by means of a salary reduction plan which will correct the excess employer contributions described above.

CLERK-TREASURER  
TOWN OF CYNTHIANA  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

**2014 EXCESS BENEFITS**

The Town made payments totaling \$1,886.76 to Mounts for the period October 1, 2014 to December 31, 2014, for an individual health insurance plan and contributions to her health savings account. The 2014 salary ordinance stated the following in regards to the payment of health insurance for the position of Clerk-Treasurer:

". . . The Town will also pay the Clerk-Treasurer's COBRA insurance premium until September 30, 2014 (the final date COBRA is available) or until the town provides insurance to full-time employees."

The Town did not provide health insurance to other Town employees between October 1, 2014 and December 31, 2014.

Indiana Code 36-5-3-2(c) states in part: "The compensation of an elected town officer may not be changed in the year for which it is fixed . . ."

Indiana Code 36-5-3-2 states in part:

"(a) As used in this section, 'compensation' means the total of all money paid to an elected town officer for performing duties as a town officer, regardless of the source of funds from which the money is paid.

(b) The town legislative body shall, by ordinance, fix the compensation of . . . the town clerk-treasurer . . ."

We requested that Mounts reimburse the Town of Cynthiana \$1,886.76 for 2014 excess benefits. Subsequent to our request, Mounts executed an installment promissory note with the Town Council on March 8, 2016. (See Summary of Charges, page 10)

**INTERNAL CONTROL DEFICIENCY**

The achievement of objectives is the purpose of the internal control system. In general, objectives for political subdivisions originate from purposes and functions detailed in laws, regulations, ordinances, etc. In regards to compliance with laws, regulations, ordinances, etc., "compliance objectives" should be designed to assure adherence to laws and regulations. Thus, officials have a responsibility to obtain an understanding of laws and regulations related to the disbursement of funds.

The excess compensation paid to and on behalf of the Clerk-Treasurer was the result of the lack of understanding by Town officials that Indiana Code 36-5-3-2(c) does not allow a change in compensation of elected officials once the compensation has been fixed for the year.

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.

TOWN OF CYNTHIANA  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

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)

**OFFICIAL BOND**

The Town obtained an official bond for the position of Clerk-Treasurer as shown:

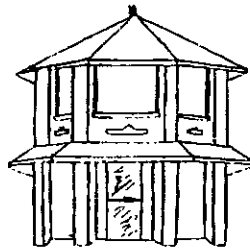
<u>Period</u>	<u>Amount</u>
01-01-12 to 01-01-15	\$ 30,000

CLERK-TREASURER  
TOWN OF CYNTHIANA  
EXIT CONFERENCE

The contents of this report were discussed on February 3, 2016, with Greta Mounts, Clerk-Treasurer, and Troy E. Kennedy, President of the Town Council.

## ***Town of Cynthiana***

**Office of The Clerk-Treasurer  
P.O. Box 95  
Cynthiana, IN 47612  
Phone: (812) 845-2924  
Fax: (812) 845-2984**



***Welcome Home***

**TOWN COUNCIL**  
Troy E. Kennedy, President  
Carolyn R. Price, Vice President  
Gary L. Smith, Board Member

**CLERK-TREASURER**  
Greta R. Mounts

February 19, 2016

State Board of Accounts  
302 Washington St., Room E418  
Indianapolis, IN 46204-2765

I am writing this letter concerning the Special Investigation Report of the Clerk-Treasurer of the Town of Cynthiana in Posey County. I would like to explain what has happened since the time I took over the Clerk-Treasurer's position in 1989.

In August of 1989, I was asked by Robert Lockyear, the Town Board President at the time, to take over the position of Clerk-Treasurer for the Town of Cynthiana due to her resignation from the position. I received my Bachelor's degree in Accounting from Indiana State University in 1973, long before it became the University of Southern Indiana. I agreed to accept the job with the stipulation that I could only do the work in the evenings and on the weekends due to my full-time job at Welborn Hospital. He talked with the entire board and they were fine with that. They were all aware and all of the board members since that time, along with the residents of town were aware that I was only here in the evenings and on the weekends to get the job done.

Things went along well until February of 2013, my full-time job with a Physician Group as their accountant changed when they decided to "contract out" the work with an accounting firm in Evansville. I looked for jobs for four months and then went to the board president, Scott Cox, and asked if there was any chance that the board would consider giving me an increase since I was now available to be in the office full-time. I was taking home \$600 bi-weekly at the time from the town. My health insurance was over \$728 due to being on COBRA and also having gone through chemo and radiation treatments in 2010. In 2011 and 2012, I had surgeries due to the cancer returning. My deductible at the time was \$6,000 and the bills were mounting up. Obviously, on \$600 every two weeks, I could not continue to afford to pay the COBRA, as well as medical and utility bills and other daily expenses. It was just not feasible.

I met with Scott Cox and the board members to discuss the salary meeting after having the discussion with Scott first. The board agreed to raise my bi-weekly salary of \$1,760 per pay which breaks down to \$22 per hour for a 40 hour week.

Since I had never been able to attend any Clerk-Treasurer meetings or other meetings concerning the job in the past, I was not aware that a code was written that the salary of an elected official could not be changed in the middle of the year. I also never had much contact with other Clerk-Treasurers in neighboring towns, because when I came to Town Hall in the evening to work, they had all gone home. I had been working for 39 years and in my line of work as an accountant, and raises in the corporate world were typically given on anniversary dates. There were also times over the years that I worked that a raise may have been included in the ordinance, but I didn't increase my salary for those years.

Several years ago our Water Operator was the son of the board president. When he started as the Water Operator, his dad made sure that his son and the assistant were put on PERF and Health Insurance. I asked that board president if I could be included in the PERF as well as the health insurance. His answer

to that was "You're not full-time, you're only part-time". I didn't really push the issue at the time, because I already had better health insurance than the plan that had been purchased it. I regret now not at least pushing for the PERF, because I missed out on 23 years of accumulating any money in the retirement plan. I started in PERF in July of 2013, when the board finally considered me to be full-time. I have no idea at this time, how much money I would have toward my retirement, but obviously it would be quite a bit more since 1989, than just starting in 2013.

I know now, of course that my salary should not have been changed. I would never have gone to the board, had I been aware of the information. Since I had always been in Health Care for the majority of my working years, that had never been an issue so I didn't think anything about going to the board since they asked me if they increased my pay that I would be in here working full-time. I told them I would be here full-time and I have since that time. I typically work more than 40 hours most weeks since I don't have any back up help. The part time Deputy Clerk that I had in 2013, called me after she had been on vacation in December and told me she wasn't coming back.

We already have a salary reduction plan in place that will start March 1, to pay back the town the money for the salary that I was over paid. My salary will be reduced by \$200 each pay, and I will have the town completely paid back before the end of my term in December 2019.

Cynthiana has been my home all of my life. I love this town and always will. We have a beautiful park, one of best in Posey County. I am proud to say that I have written all of the grants for the playground equipment in our park.

Thank you.



Greta Mounts  
Clerk-Treasurer

TOWN OF CYNTHIANA  
CLERK-TREASURER  
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Greta Mounts, Clerk-Treasurer:			
2013 Compensation, page 4	\$ 15,216.72	\$	\$
2014 Excess Benefits, page 5	1,886.76		
Installment Promissory Note with Town Council	_____	<u>17,103.48</u>	_____ -
Totals	<u>\$ 17,103.48</u>	<u>\$ 17,103.48</u>	<u>\$ -</u>