

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
TOWN OF ALBION
NOBLE COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
7/31/06

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4-5
Schedules of Receipts, Disbursements, and Cash and Investment Balances by Sources and Uses – Proprietary Funds	6
Notes to Schedules	7-8
Supplementary Information:	
Schedule of Capital Assets.....	9
Schedule of Debt	10
Exit Conference	11

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jennifer R. Cooper Carol A. Selby	01-01-04 to 04-30-04 05-01-04 to 12-31-07
President of the Town Council	Mitchell A. Fiandt James L. Stull	01-01-04 to 12-31-04 01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ALBION, NOBLE COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Albion (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 29, 2006

TOWN OF ALBION
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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 230,071	\$ 873,154	\$ 796,269	\$ 306,956
Motor Vehicle Highway	185,945	280,979	267,499	199,425
Local Road and Street	86,134	36,672	23,609	99,197
Park and Recreation	30,875	89,303	100,769	19,409
Park - Donation	2,338	18,295	7,841	12,792
Park - Cougar Basketball	5,340	3,615	4,560	4,395
Park - Mini Track	311	-	311	-
Park - Soccer	50	-	-	50
Park - Fireworks Donation	-	1,850	1,850	-
Park - Skateboard	-	591	-	591
Law Enforcement Continuing Education	936	1,618	1,424	1,130
Levy Excess	4,834	-	4,834	-
Cemetery	19,569	69,834	59,389	30,014
In Car Video Tape	-	1,500	-	1,500
Police - Drug Free Work Place	1,750	919	2,669	-
Chipper Replacement Fund	508	4	-	512
Fire - Donation Fund	1,051	-	1,051	-
Cumulative Capital Improvement	89,749	63,689	57,674	95,764
Cumulative Capital Development	38,990	35,777	-	74,767
Park Development	5,916	24	250	5,690
CEDIT	118,411	85,213	55,555	148,069
General Improvement	9,271	2,796	1,692	10,375
TIF #1	224,307	66,657	52,513	238,451
Debt Service - Fire Station	46,476	48,997	98,356	(2,883)
Proprietary Funds:				
Water Utility - Operating	415,522	276,037	271,760	419,799
Water Utility - Customer Deposit	32,149	24,493	22,520	34,122
Wastewater Utility - Operating	212,816	241,400	270,771	183,445
Fiduciary Funds:				
Payroll	21,770	269,528	269,707	21,591
Corporation Payroll Tax	124	163,998	163,993	129
Totals	<u>\$ 1,785,213</u>	<u>\$ 2,656,943</u>	<u>\$ 2,536,866</u>	<u>\$ 1,905,290</u>

The accompanying notes are an integral part of the schedules.

TOWN OF ALBION
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, 2004 And 2005
(Continued)

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 306,956	\$ 841,276	\$ 760,276	\$ 387,956
Motor Vehicle Highway	199,425	413,459	278,180	334,704
Local Road and Street	99,197	36,838	65,609	70,426
Park and Recreation	19,409	150,413	106,421	63,401
Park - Donation	12,792	17,502	25,775	4,519
Park - Cougar Basketball	4,395	3,695	5,802	2,288
Park - Soccer	50	-	-	50
Park - Fireworks Donation	-	4,512	3,478	1,034
Park - Skateboard	591	-	-	591
Law Enforcement Continuing Education	1,130	1,619	1,150	1,599
Donation	-	217	-	217
Levy Excess	-	8,188	-	8,188
Cemetery	30,014	42,145	36,857	35,302
In Car Video Tape	1,500	-	1,500	-
Forfeiture	-	650	650	-
Chipper Replacement Fund	512	1,505	-	2,017
Bullet Proof Vest Partner	-	463	463	-
Grant	-	1,000	1,000	-
Cumulative Capital Improvement	95,764	62,226	70,213	87,777
Cumulative Capital Development	74,767	48,299	15,385	107,681
Park Development	5,690	4,938	9,467	1,161
CEDIT	148,069	77,180	93,461	131,788
General Improvement	10,375	3,385	4,456	9,304
TIF #1	238,451	239,889	126,432	351,908
TIF #2	-	3,136	3,000	136
Debt Service - Fire Station	(2,883)	103,186	72,851	27,452
Proprietary Funds:				
Water Utility - Operating	419,799	330,838	323,201	427,436
Water Utility - Customer Deposit	34,122	10,585	5,765	38,942
Wastewater Utility - Operating	183,445	247,284	287,290	143,439
Fiduciary Funds:				
PERF	-	4,716	3,568	1,148
Payroll	21,591	285,978	285,078	22,491
Corporation Payroll Tax	129	175,049	175,044	134
Totals	<u>\$ 1,905,290</u>	<u>\$ 3,120,171</u>	<u>\$ 2,762,372</u>	<u>\$ 2,263,089</u>

The accompanying notes are an integral part of the schedules.

TOWN OF ALBION
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND
INVESTMENT BALANCES BY SOURCES AND USES - PROPRIETARY FUNDS
As Of And For The Years Ended December 31, 2004 And 2005

	<u>Water Utility</u>		<u>Wastewater</u>	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Operating receipts:				
Metered residential	\$ 214,878	\$ 254,809	\$ 223,417	\$ 226,828
Hydrant rental	45,430	55,028	-	-
Other	<u>12,581</u>	<u>11,895</u>	<u>17,156</u>	<u>17,504</u>
Total operating receipts	<u>272,889</u>	<u>321,732</u>	<u>240,573</u>	<u>244,332</u>
Operating disbursements:				
Salaries and wages	135,919	157,822	122,008	122,844
Purchased power	17,301	15,918	19,941	23,082
Material and supplies	15,960	32,285	8,816	4,271
Chemicals	962	1,498	7,077	11,387
Contractual services	51,311	36,007	48,278	37,454
Insurance disbursements	2,649	8,239	2,726	7,814
Transportation expense	1,570	2,617	1,722	3,467
Other	<u>46,088</u>	<u>68,815</u>	<u>60,203</u>	<u>24,971</u>
Total operating disbursements	<u>271,760</u>	<u>323,201</u>	<u>270,771</u>	<u>235,290</u>
Excess (deficiency) of receipts over (under) disbursements	<u>1,129</u>	<u>(1,469)</u>	<u>(30,198)</u>	<u>9,042</u>
Nonoperating receipts (disbursements):				
Loan to Park	-	-	-	(52,000)
Interest and investment receipts	<u>3,148</u>	<u>9,106</u>	<u>827</u>	<u>2,952</u>
Total nonoperating receipts and disbursements	<u>3,148</u>	<u>9,106</u>	<u>827</u>	<u>(49,048)</u>
Excess (deficiency) of receipts over (under) disbursements and nonoperating receipts and disbursements	4,277	7,637	(29,371)	(40,006)
Cash basis fund balance - beginning	<u>415,522</u>	<u>419,799</u>	<u>212,816</u>	<u>183,445</u>
Cash basis fund balance - ending	<u>\$ 419,799</u>	<u>\$ 427,436</u>	<u>\$ 183,445</u>	<u>\$ 143,439</u>

The accompanying notes are an integral part of the schedules.

TOWN OF ALBION
NOTES TO SCHEDULES

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, and general administrative services.

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 ALBION
NOTES TO SCHEDULES
(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. Long-Term Debt

The Town has entered into various debts such as a loan from the Wastewater Utility to the Park Department and capital leases for a 2006 Crown Victoria for the Police Department, Fire Tanker Replacement Unit for the Fire Department, 2006 Ford F-750 Dump Truck and Fire Station. The outstanding principal for loans at December 31, 2005, was \$47,030. The outstanding principal for capital leases at December 31, 2005, was \$13,994, \$34,421, \$49,525, and \$575,000, respectively.

Note 8. Subsequent Event

On December 29, 2005, the Town entered into a lease agreement with the Albion Municipal Building Corporation for the lease of a building to house the various Town and Utility offices and equipment at a rate of \$110,000 per year during the term of the 19 year lease. The leased property was acquired by the Albion Municipal Building Corporation in March 2006 and the Town began occupancy of the building in May 2006.

TOWN OF ALBION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
For The Years Ended December 31, 2004 and 2005

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.

General infrastructure assets completed in the current years have been reported. There will be no retroactive reporting of general infrastructure assets.

<u>Primary Government</u>	<u>Ending Balance 12-31-04</u>	<u>Ending Balance 12-31-05</u>
Governmental activities:		
Capital assets, not being depreciated:		
Land	\$ 102,600	\$ 161,310
Infrastructure	-	36,284
Buildings	1,521,478	1,543,084
Improvements other than buildings	287,501	287,501
Machinery and equipment	<u>2,573,757</u>	<u>2,776,430</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 4,485,336</u>	 <u>\$ 4,804,609</u>
Business-type activities:		
Water Utility:		
Capital assets, not being depreciated:		
Land	\$ 4,257	\$ 4,257
Buildings	68,847	68,847
Improvements other than buildings	835,933	864,893
Machinery and equipment	304,634	316,994
Transportation equipment	<u>79,978</u>	<u>102,697</u>
 Total Water Utility capital assets	 <u>1,293,649</u>	 <u>1,357,688</u>
Wastewater Utility:		
Capital assets, not being depreciated:		
Land	15,002	15,002
Buildings	80,465	80,465
Improvements other than buildings	1,238,439	1,238,439
Machinery and equipment	152,558	155,669
Transportation equipment	<u>111,490</u>	<u>134,209</u>
 Total Wastewater Utility capital assets	 <u>1,597,954</u>	 <u>1,623,784</u>
 Total business-type activities capital assets	 <u>\$ 2,891,603</u>	 <u>\$ 2,981,472</u>

TOWN OF ALBION
SUPPLEMENTARY INFORMATION
SCHEDULE OF DEBT
For The Years Ended December 31, 2004 and 2005

CAPITAL LEASES	2004			2005		
Description of Asset	Present Value of Net Minimum Lease Payments	Ending Balance	Due Within One Year	Present Value of Net Minimum Lease Payments	Ending Balance	Due Within One Year
The Town has entered into the following capital leases:						
Fire Station	\$ 610,000	\$ 610,000	\$ 35,000	\$ 575,000	\$ 575,000	\$ 35,000
2006 Crown Victoria	-	-	-	13,994	13,994	6,787
Fire Tanker Replacement Unit	-	-	-	34,421	34,421	-
Ford F-750 Dump Truck (1/3)	-	-	-	16,508	16,508	5,171
	<u>Ending Balance</u>	<u>Due Within One Year</u>		<u>Ending Balance</u>	<u>Due Within One Year</u>	
Governmental activities: Notes and loans payable	\$ -	\$ -		\$ 47,030	\$ 10,090	
Total governmental activities long-term debt	<u>\$ 610,000</u>	<u>\$ 35,000</u>		<u>\$ 686,953</u>	<u>\$ 57,048</u>	
	<u>Present Value of Net Minimum Lease Payments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Present Value of Net Minimum Lease Payments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities: Water Utility:						
Capital Leases:						
Ford F-750 Dump Truck (1/3)	\$ -	\$ -	\$ -	\$ 16,509	\$ 16,509	\$ 5,170
Wastewater Utility:						
Capital Leases:						
Ford F-750 Dump Truck (1/3)	-	-	-	16,509	16,509	5,170
Total business-type activities:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,018</u>	<u>\$ 33,018</u>	<u>\$ 10,340</u>

TOWN OF ALBION
EXIT CONFERENCE

The contents of this report were discussed on June 29, 2006, with Carol A. Selby, Clerk-Treasurer; James L. Stull, President of the Town Council; and Beth A. Shellman, Town Manager. Our examination disclosed no material items that warrant comment at this time.