

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

EXAMINATION REPORT
OF
TOWN OF AUSTIN
SCOTT COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
01/29/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Dillo Bush	01-01-04 to 12-31-07
President of the Town Council	Lanny J. McIntosh	01-01-04 to 12-31-06
Superintendent of Wastewater Utility	Howard Watts	01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF AUSTIN, SCOTT COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Austin (Town), for the period of January 1, 2004 to December 31, 2005. 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, 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

December 19, 2006

TOWN OF AUSTIN
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	\$ 205,795	\$ 646,833	\$ 689,217	\$ 163,411
Motor Vehicle Highway	56,878	176,837	141,678	92,037
Local Road and Street	(7,204)	27,815	12,430	8,181
Park and Recreation	1,057	8,181	4,015	5,223
Law Enforcement Continuing Education	3,148	4,140	2,170	5,118
Sanitation	49,011	221,773	216,747	54,037
Rainy Day	-	51,063	-	51,063
Donation	425	14,200	10,002	4,623
Cumulative Capital Improvement	1,589	17,628	19,000	217
Cumulative Capital Development	58,562	29,443	29,266	58,739
Industrial Park Development	113,632	-	113,632	-
TIF	256,486	140,803	-	397,289
Manaugh Park Grant	4,394	1,000	1,129	4,265
Law Enforcement Block Grant	1,033	-	-	1,033
Cops Fast Grants	(26,145)	58,845	23,028	9,672
Troops to Cops Grant	20	-	-	20
Operation Pullover	138	-	-	138
Senior Housing Grant	491	339,450	339,915	26
Police Activity	-	10,473	1,248	9,225
1977 Police Pension Contribution	4,283	28,153	35,048	(2,612)
Proprietary Funds:				
Wastewater Utility - Operating	410,114	775,474	988,708	196,880
Wastewater Utility - Bond and Interest	1,318	205,000	155,990	50,328
Wastewater Utility - Debt Reserve	72,134	232,000	-	304,134
Wastewater Utility - State Revolving Loan	60,000	-	-	60,000
Wastewater Utility - Sewer Project	3,401	121,300	123,661	1,040
Wastewater Utility - Improvement	258,310	64,000	1,800	320,510
Fiduciary Funds:				
Retainage	2,386	15,370	-	17,756
Payroll	6,957	680,131	680,487	6,601
Totals	\$ 1,538,213	\$ 3,869,912	\$ 3,589,171	\$ 1,818,954

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 163,411	\$ 482,105	\$ 616,797	\$ 28,719
Motor Vehicle Highway	92,037	180,488	203,483	69,042
Local Road and Street	8,181	27,870	24,894	11,157
Park and Recreation	5,223	7,465	6,668	6,020
Law Enforcement Continuing Education	5,118	3,758	2,570	6,306
Sanitation	54,037	216,347	201,278	69,106
Rainy Day	51,063	-	-	51,063
Donation	4,623	11,022	9,368	6,277
Cumulative Capital Improvement	217	14,603	14,000	820
Cumulative Capital Development	58,739	30,916	45,889	43,766
TIF	397,289	40,459	47,067	390,681
Manaugh Park Grant	4,265	35	2,073	2,227
Law Enforcement Block Grant	1,033	-	-	1,033
Cops Fast Grants	9,672	-	-	9,672
Troops to Cops Grant	20	-	-	20
Operation Pullover	138	-	-	138
Senior Housing Grant	26	-	-	26
Police Activity	9,225	348	189	9,384
Bullet Proof Vest Grant	-	1,000	1,000	-
1977 Police Pension Contribution	(2,612)	34,204	41,361	(9,769)
Proprietary Funds:				
Wastewater Utility - Operating	196,880	721,969	710,843	208,006
Wastewater Utility - Bond and Interest	50,328	127,000	159,526	17,802
Wastewater Utility - Debt Reserve	304,134	-	-	304,134
Wastewater Utility - State Revolving Loan	60,000	-	-	60,000
Wastewater Utility - Sewer Project	1,040	378,852	343,795	36,097
Wastewater Utility - Improvement	320,510	77,000	47,088	350,422
Fiduciary Funds:				
Retainage	17,756	14	17,524	246
Payroll	6,601	688,243	694,167	677
Totals	\$ 1,818,954	\$ 3,043,698	\$ 3,189,580	\$ 1,673,072

The accompanying notes are an integral part of the schedules.

TOWN OF AUSTIN
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, highways and streets, culture and recreation, public improvements, planning and zoning, sanitation, wastewater, 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 AUSTIN
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plans

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.

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The Town contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing, multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Fund (PERF) for all police and firefighters hired after April 30, 1977. State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits

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
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TOWN OF AUSTIN
NOTES TO FINANCIAL INFORMATION
(Continued)

Funding Policy and Annual Pension Cost

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF.

Note 7. Long-Term Debt

The Town has entered into various debts such as revenue bonds for construction of improvements and additions to the Town's sewage works and a loan to finance the construction of the Wastewater Utility's Renovation and Upgrade Project. The outstanding principal at December 31, 2005, was \$265,000 and \$1,782,500, respectively.

TOWN OF AUSTIN
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS (Applies to Town and Wastewater Utility)

Completed capital asset records for the Town and Utility were not presented for examination. Information for preparation of the capital asset record has been given to a capital valuation company to prepare the capital asset record for the Town of Austin. As of December 13, 2006, a completed record has not been prepared for the Town.

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

OVERDRAWN CASH BALANCE (Applies to Clerk-Treasurer)

The cash balance of the 1977 Police Pension Contribution Fund was overdrawn \$9,769 as of December 31, 2005.

The cash balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF AUSTIN
EXIT CONFERENCE

The contents of this report were discussed on December 19, 2006, with Dillo Bush, Clerk-Treasurer; and Lanny J. McIntosh, President of the Town Council. The officials concurred with our findings.