

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

EXAMINATION REPORT

OF

TOWN OF REMINGTON

JASPER COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED

02/22/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kay Brown	01-01-05 to 12-31-07
President of the Town Council	Arnold Shepherd	01-01-05 to 12-31-07



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 REMINGTON, JASPER COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Remington (Town), for the period of January 1, 2005 to December 31, 2006. 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 present fairly, in all material respects, the financial information of the Town for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Funding Progress, Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 22, 2007

TOWN OF REMINGTON
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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 215,822	\$ 430,707	\$ 392,602	\$ 253,927
Motor Vehicle Highway	61,399	40,252	76,540	25,111
Local Road and Street	11,922	7,178	6,000	13,100
Park and Recreation	59,862	44,493	77,821	26,534
Park Non Reverting Operating	880	1,931	1,376	1,435
Park Donation	9,222	1,675	-	10,897
Law Enforcement Continuing Education	878	102	-	980
Riverboat	16,708	8,342	-	25,050
Rainy Day	5,722	-	-	5,722
TIF/TIR	188,965	165,184	-	354,149
Sign	300	-	-	300
Cemetery	104,696	4,714	6,464	102,946
Cumulative Building Fund	-	35,000	-	35,000
Cumulative Capital Improvement	5,535	4,090	2,971	6,654
Cumulative Capital Development	34,565	18,199	34,228	18,536
Fire Debt	607	25,365	24,050	1,922
Proprietary Funds:				
Water Utility - Operating	41,902	263,328	296,623	8,607
Water Utility - Bond and Interest	-	67,341	67,341	-
Water Utility - Depreciation	2,957	3,519	5,931	545
Water Utility - Customer Deposit	25,130	5,829	4,745	26,214
Water Utility - Reserve	97,273	1,952	23,247	75,978
Wastewater Utility - Operating	91,104	556,048	533,882	113,270
Wastewater Utility - Bond and Interest	229,790	224,619	266,748	187,661
Wastewater Utility - Depreciation	11,705	23,346	25,166	9,885
Wastewater Utility - Lateral Improvement	10,294	3,076	-	13,370
Wastewater Utility - Construction	16,286	-	-	16,286
Wastewater Utility - Reserve	143,155	36,643	-	179,798
Wastewater Construction Retainage	99,758	3,115	162	102,711
Wastewater Construction Grant	-	52,094	52,094	-
Fiduciary Funds:				
Payroll	8,970	417,274	421,120	5,124
Levy Excess	41,283	-	-	41,283
Totals	<u>\$ 1,536,690</u>	<u>\$ 2,445,416</u>	<u>\$ 2,319,111</u>	<u>\$ 1,662,995</u>

The accompanying notes are an integral part of the schedules.

TOWN OF REMINGTON
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, 2005 And 2006
(Continued)

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 253,927	\$ 462,751	\$ 489,871	\$ 226,807
Motor Vehicle Highway	25,111	81,183	29,798	76,496
Local Road and Street	13,100	7,083	5,204	14,979
Park and Recreation	26,534	126,691	74,975	78,250
Park Non Reverting Operating	1,435	1,419	1,910	944
Park Donation	10,897	2,832	2,598	11,131
Law Enforcement Continuing Education	980	53	-	1,033
Riverboat	25,050	8,326	29,290	4,086
Rainy Day	5,722	-	-	5,722
TIF/TIR	354,149	208,727	-	562,876
Sign	300	-	-	300
Cemetery	102,946	9,237	7,985	104,198
Cumulative Building Fund	35,000	35,000	4,104	65,896
Cumulative Capital Improvement	6,654	4,727	6,576	4,805
Cumulative Capital Development	18,536	17,887	4,553	31,870
Jasper Foundation Grant	-	2,500	2,500	-
County Economic Development Income Tax	-	41,628	-	41,628
Fire Debt	1,922	20,682	22,604	-
Proprietary Funds:				
Water Utility - Operating	8,607	405,648	407,237	7,018
Water Utility - Bond and Interest	-	80,930	80,930	-
Water Utility - Depreciation	545	3,521	1,457	2,609
Water Utility - Customer Deposit	26,214	6,451	4,748	27,917
Water Utility - Reserve	75,978	3,133	8,157	70,954
Wastewater Utility - Operating	113,270	624,383	608,133	129,520
Wastewater Utility - Bond and Interest	187,661	277,225	271,195	193,691
Wastewater Utility - Depreciation	9,885	12,479	14,120	8,244
Wastewater Utility - Lateral Improvement	13,370	3,290	700	15,960
Wastewater Utility - Construction	16,286	-	-	16,286
Wastewater Utility - Reserve	179,798	36,641	-	216,439
Wastewater Construction Retainage	102,711	-	102,711	-
Wastewater Construction Grant	-	30,565	30,565	-
Fiduciary Funds:				
Payroll	5,124	447,275	446,046	6,353
Levy Excess	41,283	-	41,283	-
Totals	<u>\$ 1,662,995</u>	<u>\$ 2,962,267</u>	<u>\$ 2,699,250</u>	<u>\$ 1,926,012</u>

The accompanying notes are an integral part of the schedules.

TOWN OF REMINGTON
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, 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 REMINGTON
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

TOWN OF REMINGTON
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 159,401	\$ 193,313	\$ (33,912)	93%	\$ 245,555	(14%)
07-01-04	169,596	232,886	(63,290)	73%	289,999	(22%)
07-01-05	183,883	280,489	(96,606)	66%	293,528	(33%)

TOWN OF REMINGTON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2006

Description of Debt	Ending Balance	Due Within One Year
Governmental activities:		
Capital lease:		
Police Car	\$ 8,611	\$ 8,611
Bonds payable:		
General obligation bonds:		
1998 Fire Truck Acquisition	<u>40,000</u>	<u>20,000</u>
Total governmental activities long-term debt	<u>\$ 48,611</u>	<u>\$ 28,611</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
2002 Water revenue and refunding	<u>\$ 765,000</u>	<u>\$ 55,000</u>
Wastewater Utility:		
Revenue bonds:		
1996 Wastewater revenue refunding	735,000	55,000
2003 Wastewater revenue bonds	<u>2,401,000</u>	<u>97,000</u>
Total Wastewater Utility	<u>3,136,000</u>	<u>152,000</u>
Total business-type activities long-term debt	<u>\$ 3,901,000</u>	<u>\$ 207,000</u>

TOWN OF REMINGTON
EXAMINATION RESULTS AND COMMENTS

PRESCRIBED FORMS

The following prescribed or approved forms were not used, Form 350, Investment Register

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 36-9-23-33 states, in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

(1) a list of the delinquent fees and penalties that are enforceable under this section, which must include the following:

(A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;

(B) a description of the premises, as shown by the records of the county auditor; and

(C) the amount of the delinquent fees, together with the penalty; or

(2) an individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder. . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

TOWN OF REMINGTON
EXAMINATION RESULTS AND COMMENTS
(Continued)

ORDINANCES AND RESOLUTIONS

Revenue transfers to the Water Utility Bond and Interest Fund have not been sufficient to pay for current bond and interest payments. The Water Utility Reserve Funds have been used to make up the difference. As a result both funds are now under funded.

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

HYDRANT RENTAL RECEIVABLE (PAYABLE)

The Town of Remington owes the Water Utility hydrant rental of \$5,954.89 for the year 2006 pursuant to Rate Ordinance 06-06-05 passed by the Council on July 3, 2006.

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

CAPITAL ASSET RECORDS

There is a capital asset ledger for the Town and its utilities but nothing has been posted to it since September 2004.

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

TOWN OF REMINGTON
EXIT CONFERENCE

The contents of this report were discussed on January 22, 2007, with Kay Brown, Clerk-Treasurer; and Arnold Shepherd, President of the Town Council. The officials concurred with our findings.