

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

AUDIT REPORT

OF

TOWN OF AUSTIN

SCOTT COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
09/15/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	Douglas Campbell	01-01-08 to 12-31-11
Clerk-Treasurer	Dillo Bush	01-01-04 to 12-31-11
President of the Town Council	Larry J. McIntosh	01-01-06 to 12-31-07
President of the Common Council	Douglas Campbell	01-01-08 to 12-31-11
Superintendent of Wastewater Utility	Howard Watts	01-01-06 to 12-31-08



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Austin (Town), as of and for the years ended December 31, 2006 and 2007, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2006 and 2007, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated August 27, 2008, 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 audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the Table of Contents and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

August 27, 2008



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Austin (Town), as of and for the years ended December 31, 2006 and 2007, which collectively comprise the Town's basic financial statements and have issued our report thereon dated August 27, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are 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.

This report is intended solely for the information and use of the Town's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 27, 2008

TOWN OF AUSTIN
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2006

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 221,619	\$ 80,384	\$ 190,315	\$ -	\$ 49,080	\$ -	\$ 49,080
Public safety	445,782	5,007	5,150	-	(435,625)	-	(435,625)
Highways and streets	220,653	-	202,069	-	(18,584)	-	(18,584)
Economic development	166,465	-	-	-	(166,465)	-	(166,465)
Sanitation	228,630	118,031	15,234	-	(95,365)	-	(95,365)
Culture and recreation	12,630	3,674	-	-	(8,956)	-	(8,956)
Capital outlay	43,697	-	-	20,979	(22,718)	-	(22,718)
Total governmental activities	<u>1,339,476</u>	<u>207,096</u>	<u>412,768</u>	<u>20,979</u>	<u>(698,633)</u>	<u>-</u>	<u>(698,633)</u>
Business-type activities:							
Wastewater	<u>745,467</u>	<u>805,905</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>65,438</u>	<u>65,438</u>
Total primary government	<u>\$ 2,084,943</u>	<u>\$ 1,013,001</u>	<u>\$ 412,768</u>	<u>\$ 25,979</u>	<u>(698,633)</u>	<u>65,438</u>	<u>(633,195)</u>
General receipts:							
Property taxes					764,222	-	764,222
Other local sources					28,109	-	28,109
Unrestricted intergovernmental receipts					89,058	-	89,058
Unrestricted investment earnings					5,100	23,776	28,876
Total general receipts					<u>886,489</u>	<u>23,776</u>	<u>910,265</u>
Change in net assets					187,856	89,214	277,070
Net assets - beginning					<u>695,934</u>	<u>976,461</u>	<u>1,672,395</u>
Net assets - ending					<u>\$ 883,790</u>	<u>\$ 1,065,675</u>	<u>\$ 1,949,465</u>
<u>Assets</u>							
Cash and investments					\$ 301,936	\$ 326,631	\$ 628,567
Restricted assets:							
Cash and investments					<u>581,854</u>	<u>739,044</u>	<u>1,320,898</u>
Total assets					<u>\$ 883,790</u>	<u>\$ 1,065,675</u>	<u>\$ 1,949,465</u>
<u>Net Assets</u>							
Restricted for:							
Public safety					\$ 39,140	\$ -	\$ 39,140
Economic development					334,063	-	334,063
Debt service					-	316,884	316,884
Highways and streets					80,629	-	80,629
Sanitation					73,602	-	73,602
Culture and recreation					7,284	-	7,284
Capital outlay					47,136	422,160	469,296
Unrestricted					<u>301,936</u>	<u>326,631</u>	<u>628,567</u>
Total net assets					<u>\$ 883,790</u>	<u>\$ 1,065,675</u>	<u>\$ 1,949,465</u>

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

TOWN OF AUSTIN
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

	General	Motor Vehicle Highway	Sanitation	Tax Increment Finance	Pepsi Water Tower Construction	Other Governmental Funds	Totals
Receipts:							
Taxes	\$ 449,467	\$ 16,926	\$ 99,861	\$ 105,427	\$ -	\$ 92,541	\$ 764,222
Intergovernmental	279,373	175,225	15,234	-	-	52,973	522,805
Charges for services	82,932	-	118,031	-	-	6,133	207,096
Other	3,680	2,088	-	4,420	-	13	10,201
Total receipts	815,452	194,239	233,126	109,847	-	151,660	1,504,324
Disbursements:							
General government	221,619	-	-	-	-	-	221,619
Public safety	404,016	-	-	-	-	41,766	445,782
Highways and streets	-	183,872	-	-	-	36,781	220,653
Sanitation	-	-	228,630	-	-	-	228,630
Culture and recreation	7,993	-	-	-	-	4,637	12,630
Economic development	-	-	-	75,000	91,465	-	166,465
Capital outlay	-	-	-	-	-	43,697	43,697
Total disbursements	633,628	183,872	228,630	75,000	91,465	126,881	1,339,476
Excess (deficiency) of receipts over (under) disbursements	181,824	10,367	4,496	34,847	(91,465)	24,779	164,848
Other financing sources (uses):							
Transfers in	16,000	-	-	-	200,000	-	216,000
Transfers out	-	-	-	(200,000)	-	(16,000)	(216,000)
Other receipts	15,081	-	-	-	-	7,927	23,008
Total other financing sources (uses)	31,081	-	-	(200,000)	200,000	(8,073)	23,008
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	212,905	10,367	4,496	(165,153)	108,535	16,706	187,856
Cash and investment fund balance - beginning	28,719	69,042	69,106	390,681	-	138,386	695,934
Cash and investment fund balance - ending	\$ 241,624	\$ 79,409	\$ 73,602	\$ 225,528	\$ 108,535	\$ 155,092	\$ 883,790
Cash and Investment Assets - December 31							
Cash and investments	\$ 241,624	\$ -	\$ -	\$ -	\$ -	\$ 60,312	\$ 301,936
Restricted assets:							
Cash and investments	-	79,409	73,602	225,528	108,535	94,780	581,854
Total cash and investment assets - December 31	\$ 241,624	\$ 79,409	\$ 73,602	\$ 225,528	\$ 108,535	\$ 155,092	\$ 883,790
Cash and Investment Fund Balance - December 31							
Restricted for:							
Economic development	\$ -	\$ -	\$ -	\$ 225,528	\$ 108,535	\$ -	\$ 334,063
Public safety	-	-	-	-	-	39,140	39,140
Highways and streets	-	79,409	-	-	-	1,220	80,629
Sanitation	-	-	73,602	-	-	-	73,602
Culture and recreation	-	-	-	-	-	7,284	7,284
Capital outlay	-	-	-	-	-	47,136	47,136
Unrestricted	241,624	-	-	-	-	60,312	301,936
Total cash and investment fund balance - December 31	\$ 241,624	\$ 79,409	\$ 73,602	\$ 225,528	\$ 108,535	\$ 155,092	\$ 883,790

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

TOWN OF AUSTIN
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2006

	<u>Wastewater Utility</u>
Operating receipts:	
Measured revenue	\$ 758,055
Tap-in fees	3,850
Other	<u>44,000</u>
Total operating receipts	<u>805,905</u>
Operating disbursements:	
Salaries and wages	187,248
Employee pensions and benefits	61,799
Purchased power	83,873
Sludge removal	36,675
Repairs	36,670
Chemicals	10,557
Material and supplies	61,813
Contractual services	38,845
In lieu of tax	60,000
Transportation disbursements	6,231
Insurance disbursements	15,978
Miscellaneous disbursements	<u>30,718</u>
Total operating disbursements	<u>630,407</u>
Excess of operating receipts over operating disbursements	<u>175,498</u>
Nonoperating receipts (disbursements):	
Interest and investment receipts	23,776
Debt service of principal	(60,000)
Interest and investment disbursement	<u>(55,060)</u>
Total nonoperating receipts (disbursements)	<u>(91,284)</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	84,214
Capital contributions	<u>5,000</u>
Excess of receipts over disbursements	89,214
Cash and investment fund balance - beginning	<u>976,461</u>
Cash and investment fund balance - ending	<u><u>\$ 1,065,675</u></u>
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 326,631
Restricted assets:	
Cash and investments	<u>739,044</u>
Total cash and investment assets - December 31	<u><u>\$ 1,065,675</u></u>
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Capital outlay	\$ 422,160
Debt service	316,884
Unrestricted	<u>326,631</u>
Total cash and investment fund balance - December 31	<u><u>\$ 1,065,675</u></u>

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

TOWN OF AUSTIN
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUND
 For The Year Ended December 31, 2006

	Agency Fund
Additions:	
Agency fund additions	\$ 673,941
Deductions:	
Agency fund deductions	(673,863)
Excess of total additions over total deductions	78
Cash and investment fund balance - beginning	677
Cash and investment fund balance - ending	\$ 755

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

TOWN OF AUSTIN
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2007

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 221,542	\$ 53,559	\$ -	\$ -	\$ (167,983)	\$ -	\$ (167,983)
Public safety	485,359	8,802	-	-	(476,557)	-	(476,557)
Highways and streets	168,475	-	169,827	26,897	28,249	-	28,249
Sanitation	168,383	80,531	-	-	(87,852)	-	(87,852)
Economic development	179,654	-	-	-	(179,654)	-	(179,654)
Culture and recreation	17,267	3,260	-	-	(14,007)	-	(14,007)
Total governmental activities	1,240,680	146,152	169,827	26,897	(897,804)	-	(897,804)
Business-type activities:							
Wastewater	2,850,381	806,178	-	530,000	-	(1,514,203)	(1,514,203)
Total primary government	<u>\$ 4,091,061</u>	<u>\$ 952,330</u>	<u>\$ 169,827</u>	<u>\$ 556,897</u>	<u>(897,804)</u>	<u>(1,514,203)</u>	<u>(2,412,007)</u>
General receipts:							
Property taxes					477,492	-	477,492
Other local sources					7,119	32	7,151
Intergovernmental					298,319	-	298,319
Net proceeds from borrowings					935,000	1,044,500	1,979,500
Grants and contributions not restricted to specific programs					30,402	-	30,402
Unrestricted investment earnings					3,707	37,370	41,077
Total general receipts					<u>1,752,039</u>	<u>1,081,902</u>	<u>2,833,941</u>
Change in net assets					854,235	(432,301)	421,934
Net assets - beginning					<u>883,790</u>	<u>1,065,675</u>	<u>1,949,465</u>
Net assets - ending					<u>\$ 1,738,025</u>	<u>\$ 633,374</u>	<u>\$ 2,371,399</u>
Assets							
Cash and investments					\$ 348,687	\$ 165,688	\$ 514,375
Restricted assets:							
Cash and investments					<u>1,389,338</u>	<u>467,686</u>	<u>1,857,024</u>
Total assets					<u>\$ 1,738,025</u>	<u>\$ 633,374</u>	<u>\$ 2,371,399</u>
Net Assets							
Restricted for:							
Economic development					\$ 1,166,448	\$ -	\$ 1,166,448
Public safety					12,731	-	12,731
Highways and streets					111,518	-	111,518
Debt service					-	305,233	305,233
Sanitation					74,571	-	74,571
Culture and recreation					13,546	-	13,546
Capital outlay					10,524	162,453	172,977
Unrestricted					<u>348,687</u>	<u>165,688</u>	<u>514,375</u>
Total net assets					<u>\$ 1,738,025</u>	<u>\$ 633,374</u>	<u>\$ 2,371,399</u>

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

TOWN OF AUSTIN
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2007

	General	Motor Vehicle Highway	Sanitation	Tax Increment Finance	Pepsi Water Tower Construction	Other Governmental Funds	Totals
Receipts:							
Taxes	\$ 316,710	\$ -	\$ 45,028	\$ 74,017	\$ -	\$ 41,737	\$ 477,492
Licenses and permits	1,730	-	-	-	-	1,805	3,535
Intergovernmental	273,263	169,827	4,393	-	-	47,560	495,043
Charges for services	21,163	-	112,857	-	-	6,866	140,886
Fines and forfeits	1,731	-	-	-	-	-	1,731
Other	2,145	2,639	7,074	3,022	-	24,339	39,219
Total receipts	616,742	172,466	169,352	77,039	-	122,307	1,157,906
Disbursements:							
General government	160,544	-	-	-	-	-	160,544
Public safety	420,145	-	-	-	-	65,214	485,359
Highways and streets	-	143,996	-	-	-	24,479	168,475
Sanitation	-	-	168,383	-	-	-	168,383
Economic development	-	-	-	133,714	-	-	133,714
Culture and recreation	9,219	-	-	-	-	8,048	17,267
Capital outlay:							
General government	-	-	-	-	-	60,998	60,998
Economic development	-	-	-	-	45,940	-	45,940
Total disbursements	589,908	143,996	168,383	133,714	45,940	158,739	1,240,680
Excess (deficiency) of receipts over (under) disbursements	26,834	28,470	969	(56,675)	(45,940)	(36,432)	(82,774)
Other financing sources (uses):							
Net proceeds from borrowings	-	-	-	-	935,000	-	935,000
Transfers in	404	-	-	-	-	-	404
Transfers out	-	-	-	-	-	(404)	(404)
Other receipts	2,009	-	-	-	-	-	2,009
Total other financing sources (uses)	2,413	-	-	-	935,000	(404)	937,009
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	29,247	28,470	969	(56,675)	889,060	(36,836)	854,235
Cash and investment fund balance - beginning	241,623	79,410	73,602	225,528	108,535	155,092	883,790
Cash and investment fund balance - ending	\$ 270,870	\$ 107,880	\$ 74,571	\$ 168,853	\$ 997,595	\$ 118,256	\$ 1,738,025
Cash and Investment Assets - Ending							
Cash and investments	\$ 270,870	\$ -	\$ -	\$ -	\$ -	\$ 77,817	\$ 348,687
Restricted assets:							
Cash and investments	-	107,880	74,571	168,853	997,595	40,439	1,389,338
Total cash and investment assets - ending	\$ 270,870	\$ 107,880	\$ 74,571	\$ 168,853	\$ 997,595	\$ 118,256	\$ 1,738,025
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,731	\$ 12,731
Highways and streets	-	107,880	-	-	-	3,638	111,518
Sanitation	-	-	74,571	-	-	-	74,571
Economic development	-	-	-	168,853	997,595	-	1,166,448
Culture and recreation	-	-	-	-	-	13,546	13,546
Capital outlay	-	-	-	-	-	10,524	10,524
Unrestricted	270,870	-	-	-	-	77,817	348,687
Total cash and investment fund balance - ending	\$ 270,870	\$ 107,880	\$ 74,571	\$ 168,853	\$ 997,595	\$ 118,256	\$ 1,738,025

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

TOWN OF AUSTIN
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2007

	Wastewater Utility
Operating receipts:	
Measured revenue	\$ 765,781
Other	40,397
Total operating receipts	806,178
Operating disbursements:	
Equipment and capital improvements	\$ 1,963,708
Salaries and wages	189,435
Employee pensions and benefits	64,722
Purchased power	95,193
Chemicals	23,917
Material and supplies	85,260
Contractual services	2,800
Transportation disbursements	5,570
Insurance disbursements	11,793
Miscellaneous disbursements	115,465
Total operating disbursements	2,557,863
Deficiency of operating receipts over operating disbursements	(1,751,685)
Nonoperating receipts (disbursements):	
Bond proceeds	1,044,500
Interest and investment receipts	37,370
Miscellaneous receipts	32
Debt service of principal	(206,000)
Interest disbursement	(86,518)
Miscellaneous disbursements	-
Total nonoperating receipts	789,384
Deficiency of receipts over disbursements and nonoperating receipts	(962,301)
Capital contributions	530,000
Deficiency of receipts, contributions and transfers in over disbursements and transfers out	(432,301)
Cash and investment fund balance - beginning	1,065,675
Cash and investment fund balance - ending	\$ 633,374
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 165,688
Restricted assets:	
Cash and investments	467,686
Total cash and investment assets - December 31	\$ 633,374
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Debt service	\$ 305,233
Capital outlay	162,453
Unrestricted	165,688
Total cash and investment fund balance - December 31	\$ 633,374

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

TOWN OF AUSTIN
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUND
For The Year Ended December 31, 2007

	Agency Funds
Additions:	
Agency fund additions	\$ 637,728
Deductions:	
Agency fund deductions	(637,662)
Excess of total additions over total deductions	66
Cash and investment fund balance - beginning	755
Cash and investment fund balance - ending	\$ 821

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

TOWN OF AUSTIN
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town provided the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, sanitation, planning and zoning, general administrative services, wastewater, and economic development.

The Town's financial reporting entity is composed of the Primary Government.

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The motor vehicle highway fund is used to account for state motor vehicle highway distributions. The fund is primarily used for the construction and maintenance of streets and alleys.

The sanitation fund is used to account for taxes and fees received for the collection of solid waste. The fund is used to pay the costs of collection and disposal.

The tax increment financing fund accounts for taxes received from tax increment finance (TIF) districts used for the acquisition and redevelopment of property and/or the repayment of debt associated with the acquisition and redevelopment of property located in the TIF districts.

TOWN OF AUSTIN
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Pepsi water tower construction fund is used to account for transfers, bond proceeds, and grants used for the purpose of constructing a water tank and/or the repayment of debt associated with the project.

The Town reports the following major proprietary fund:

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

Additionally, the Town reports the following fund type:

The agency fund accounts for assets held by the Town as an agent for payroll and benefits to employees.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services.

TOWN OF AUSTIN
NOTES TO FINANCIAL STATEMENTS
(Continued)

Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town did not have any internal service funds.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and in 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.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

TOWN OF AUSTIN
NOTES TO FINANCIAL STATEMENTS
(Continued)

It is the Town's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statements of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

TOWN OF AUSTIN
NOTES TO FINANCIAL STATEMENTS
(Continued)

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statements of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statements of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits

1. Deposits and investments

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Town does not have a deposit policy for custodial credit risk. At December 31, 2007, the Town had deposit balances in the amount of \$2,372,220. All bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

TOWN OF AUSTIN
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Investments

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the Town to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the Town to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the Town and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the Town may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the Town's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2006 and 2007, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2006</u>	<u>2007</u>
Tax Increment Finance Fund	Pepsi Water Tank Fund	\$ 200,000	\$ -
Other governmental funds	General Fund	<u>16,000</u>	<u>404</u>
Totals		<u>\$ 216,000</u>	<u>\$ 404</u>

The Town typically uses transfers for cash flow purposes as provided by various statutory provisions.

TOWN OF AUSTIN
NOTES TO FINANCIAL STATEMENTS
(Continued)

In 2006, the Town transferred \$200,000 from the Tax Increment Fund to the Pepsi Water Tower Construction Fund to provide local funds for a portion of the cost of the construction of a water tank to promote economic development. The Town also transferred \$16,000 from the Cumulative Capital Improvement Fund to the General Fund as permitted by Indiana statutes.

C. Restatements and Reclassifications

For the year ended December 31, 2006, certain changes have been made to the financial statements to more appropriately reflect financial activity of the Town. The following schedule presents a summary of restated beginning balances by opinion unit. Prior period adjustments represent the reclassification of funds previously presented as agency funds being held for others when they were actually residual balances due the Town.

Opinion Unit	Balance as Reported December 31, 2005	Fund Reclassification	Balance as Restated January 1, 2006
Agency funds	\$ 923	\$ (246)	\$ 677
Governmental funds	695,688	246	695,934

IV. Other Information

A. Risk Management

The Town is 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; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Job Related Illnesses or Injuries to Employees

In 2008, the Town joined with other governmental entities in the Indiana Public Employer's Plan, a public entity risk pool currently operating as a common risk management and insurance program for 934 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of coverage for job-related illnesses and injuries to employees. The Town pays an annual premium to the risk pool for its coverage of job-related illnesses and injuries to employees. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

TOWN OF AUSTIN
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Related Party Transactions

During the period for which financial statements are presented, the Town had material transactions with Donald Spicer, Police Chief, in relation to the purchase of supplies in the amount of \$16,564.

C. Rate Structure – Enterprise Funds

Wastewater Utility

The current rate structure was approved by the Town Council on May 29, 2007.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit 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 the 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 member's 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. The 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 plan members for PERF are established by the Board of Trustees of PERF. The Town's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the Town and the Utilities is not available.

TOWN OF AUSTIN
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 35,198
Interest on net pension obligation	(2,773)
Adjustment to annual required contribution	3,160
Annual pension cost	35,585
Contributions made	38,079
Increase decrease in net pension obligation	(2,494)
Net pension obligation, beginning of year	(38,249)
Net pension obligation, end of year	\$ (40,743)
Contribution rates:	
Town	9.75%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 34,540	108%	\$ (40,182)
	06-30-06	38,691	95%	(38,249)
	06-30-07	35,585	107%	(40,743)

TOWN OF AUSTIN
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

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 Plan (PERF) for all police officers 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 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 Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the Town 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 Town are established by the Board of Trustees of PERF. The Town's contributions to the plan for the years ending December 31, 2007, 2006, and 2005, were \$38,905, \$33,971, and \$41,361, respectively, equal to the required contributions for each year.

E. Subsequent Events

Sewer Construction Project

In 2007, the Wastewater Utility began a construction project. The funding sources included drawdowns on existing available loans from the United States Rural Development Administration and an United States Economic Development Administration grant. From January 1, through July 22, 2008, the Town borrowed an additional \$2,059,000 through drawdowns and received \$878,000 in EDA grant funds. All drawdowns and grant funds are to be used for the construction project.

Form of Government Change

Effective January 1, 2008, Austin officially became a City and began operating under a Mayor-Council form of government. Services provided by the City have and will remain the same under this new form of government.

TOWN OF AUSTIN
 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)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 170,376	\$ 403,913	\$ (233,537)	42%	\$ 402,880	58%
07-01-06	226,451	346,658	(120,207)	65%	437,950	27%
07-01-07	184,675	391,834	(207,159)	47%	405,500	51%

TOWN OF AUSTIN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
 CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006

	Local Roads and Streets	Parks and Recreation	Law Enforcement Continuing Education	Rainy Day	Donation	Cumulative Capital Improvement
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	26,844	-	-	-	-	16,877
Charges for services	-	3,674	2,459	-	-	-
Other	-	-	-	-	-	-
Total receipts	26,844	3,674	2,459	-	-	16,877
Disbursements:						
Public safety	-	-	3,489	-	3,960	-
Highways and streets	36,781	-	-	-	-	-
Culture and recreation	-	3,944	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total disbursements	36,781	3,944	3,489	-	3,960	-
Excess (deficiency) of receipts over (under) disbursements	(9,937)	(270)	(1,030)	-	(3,960)	16,877
Other financing sources (uses):						
Transfers out	-	-	-	-	-	(16,000)
Other receipts	-	-	1,267	-	6,660	-
Total other financing sources (uses)	-	-	1,267	-	6,660	(16,000)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(9,937)	(270)	237	-	2,700	877
Cash and investment fund balance - beginning	11,157	6,020	6,306	51,063	6,277	820
Cash and investment fund balance - ending	\$ 1,220	\$ 5,750	\$ 6,543	\$ 51,063	\$ 8,977	\$ 1,697
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ 51,063	\$ 8,977	\$ -
Restricted assets:						
Cash and investments	1,220	5,750	6,543	-	-	1,697
Total cash and investment assets - December 31	\$ 1,220	\$ 5,750	\$ 6,543	\$ 51,063	\$ 8,977	\$ 1,697
Cash and Investment Fund Balance - December 31						
Restricted for:						
Public safety	\$ -	\$ -	\$ 6,543	\$ -	\$ -	\$ -
Highways and streets	1,220	-	-	-	-	-
Culture and recreation	-	5,750	-	-	-	-
Capital outlay	-	-	-	-	-	1,697
Unrestricted	-	-	-	51,063	8,977	-
Total cash and investment fund balance - December 31	\$ 1,220	\$ 5,750	\$ 6,543	\$ 51,063	\$ 8,977	\$ 1,697

TOWN OF AUSTIN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
 CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Cumulative Capital Development	Manauh Park Grant	Law Enforcement Block Grant	Cops Fast Grant	Troops to Cops Grant	Operation Pullover
Receipts:						
Taxes	\$ 41,268	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,102	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>45,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Public safety	-	-	1,033	9,672	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	693	-	-	-	-
Capital outlay	43,697	-	-	-	-	-
Total disbursements	<u>43,697</u>	<u>693</u>	<u>1,033</u>	<u>9,672</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>1,673</u>	<u>(693)</u>	<u>(1,033)</u>	<u>(9,672)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):						
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>1,673</u>	<u>(693)</u>	<u>(1,033)</u>	<u>(9,672)</u>	<u>-</u>	<u>-</u>
Cash and investment fund balance - beginning	<u>43,766</u>	<u>2,227</u>	<u>1,033</u>	<u>9,672</u>	<u>20</u>	<u>138</u>
Cash and investment fund balance - ending	<u>\$ 45,439</u>	<u>\$ 1,534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 138</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	45,439	1,534	-	-	20	138
Total cash and investment assets - December 31	<u>\$ 45,439</u>	<u>\$ 1,534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 138</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 20	\$ 138
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	1,534	-	-	-	-
Capital outlay	45,439	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 45,439</u>	<u>\$ 1,534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 138</u>

TOWN OF AUSTIN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
 CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Retainage	Senior Housing Grant	Police Activity	1977 Police Pension	Totals
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ 51,273	\$ 92,541
Intergovernmental	-	-	-	5,150	52,973
Charges for services	-	-	-	-	6,133
Other	-	-	13	-	13
Total receipts	-	-	13	56,423	151,660
Disbursements:					
Public safety	-	-	1,160	22,452	41,766
Highways and streets	-	-	-	-	36,781
Culture and recreation	-	-	-	-	4,637
Capital outlay	-	-	-	-	43,697
Total disbursements	-	-	1,160	22,452	126,881
Excess (deficiency) of receipts over (under) disbursements	-	-	(1,147)	33,971	24,779
Other financing sources (uses):					
Transfers out	-	-	-	-	(16,000)
Other receipts	-	-	-	-	7,927
Total other financing sources (uses)	-	-	-	-	(8,073)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	-	-	(1,147)	33,971	16,706
Cash and investment fund balance - beginning	246	26	9,384	(9,769)	138,386
Cash and investment fund balance - ending	<u>\$ 246</u>	<u>\$ 26</u>	<u>\$ 8,237</u>	<u>\$ 24,202</u>	<u>\$ 155,092</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 246	\$ 26	\$ -	\$ -	\$ 60,312
Restricted assets:					
Cash and investments	-	-	8,237	24,202	94,780
Total cash and investment assets - December 31	<u>\$ 246</u>	<u>\$ 26</u>	<u>\$ 8,237</u>	<u>\$ 24,202</u>	<u>\$ 155,092</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Public safety	\$ -	\$ -	\$ 8,237	\$ 24,202	\$ 39,140
Highways and streets	-	-	-	-	1,220
Culture and recreation	-	-	-	-	7,284
Capital outlay	-	-	-	-	47,136
Unrestricted	246	26	-	-	60,312
Total cash and investment fund balance - December 31	<u>\$ 246</u>	<u>\$ 26</u>	<u>\$ 8,237</u>	<u>\$ 24,202</u>	<u>\$ 155,092</u>

TOWN OF AUSTIN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
 CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007

	Local Road and Street	Donations	Law Enforcement Continuing Education	Parks and Recreation	Rainy Day	Operation Pullover	Manaugh Park	Police Activity
Receipts:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	1,805	-	-	-	-	-
Intergovernmental	26,897	-	-	-	-	-	-	-
Charges for services	-	-	3,606	3,260	-	-	-	-
Other	-	1,644	-	9,938	-	-	12,750	7
Total receipts	26,897	1,644	5,411	13,198	-	-	12,750	7
Disbursements:								
Public safety	-	8,156	9,212	-	3,199	-	-	5,742
Highways and streets	24,479	-	-	-	-	-	-	-
Culture and recreation	-	-	-	5,402	-	-	2,646	-
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Total disbursements	24,479	8,156	9,212	5,402	3,199	-	2,646	5,742
Excess (deficiency) of receipts over (under) disbursements	2,418	(6,512)	(3,801)	7,796	(3,199)	-	10,104	(5,735)
Other financing uses:								
Transfers out	-	-	-	-	-	(138)	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,418	(6,512)	(3,801)	7,796	(3,199)	(138)	10,104	(5,735)
Cash and investment fund balance - beginning	1,220	8,977	6,543	5,750	51,063	138	1,534	8,237
Cash and investment fund balance - ending	<u>\$ 3,638</u>	<u>\$ 2,465</u>	<u>\$ 2,742</u>	<u>\$ 13,546</u>	<u>\$ 47,864</u>	<u>\$ -</u>	<u>\$ 11,638</u>	<u>\$ 2,502</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 47,864	\$ -	\$ 11,638	\$ -
Restricted assets:								
Cash and investments	3,638	2,465	2,742	13,546	-	-	-	2,502
Total cash and investment assets - ending	\$ 3,638	\$ 2,465	\$ 2,742	\$ 13,546	\$ 47,864	\$ -	\$ 11,638	\$ 2,502
Cash and Investment Fund Balance - Ending								
Restricted for:								
Public safety	\$ -	\$ 2,465	\$ 2,742	\$ -	\$ -	\$ -	\$ -	\$ 2,502
Highways and streets	3,638	-	-	-	-	-	-	-
Culture and recreation	-	-	-	13,546	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	47,864	-	11,638	-
Total cash and investment fund balance - ending	\$ 3,638	\$ 2,465	\$ 2,742	\$ 13,546	\$ 47,864	\$ -	\$ 11,638	\$ 2,502

TOWN OF AUSTIN
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
 CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	<u>Troops To Cops</u>	<u>1977 Police Pension</u>	<u>Retainage</u>	<u>Law Enforcement Block Grant</u>	<u>Senior Housing</u>	<u>Cumulative Capital Improvement</u>	<u>Cumulative Capital Development</u>	<u>Totals</u>
Receipts:								
Taxes	\$ -	\$ 17,972	\$ -	\$ -	\$ -	\$ -	\$ 23,765	\$ 41,737
Licenses and permits	-	-	-	-	-	-	-	1,805
Intergovernmental	-	1,753	-	-	-	16,592	2,318	47,560
Charges for services	-	-	-	-	-	-	-	6,866
Other	-	-	-	-	-	-	-	24,339
Total receipts	-	19,725	-	-	-	16,592	26,083	122,307
Disbursements:								
Public safety	-	38,905	-	-	-	-	-	65,214
Highways and streets	-	-	-	-	-	-	-	24,479
Culture and recreation	-	-	-	-	-	-	-	8,048
Capital outlay:								
General government	-	-	-	-	-	-	60,998	60,998
Total disbursements	-	38,905	-	-	-	-	60,998	158,739
Excess (deficiency) of receipts over (under) disbursements	-	(19,180)	-	-	-	16,592	(34,915)	(36,432)
Other financing uses:								
Transfers out	(20)	-	(246)	-	-	-	-	(404)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(20)	(19,180)	(246)	-	-	16,592	(34,915)	(36,836)
Cash and investment fund balance - beginning	20	24,202	246	-	26	1,697	45,439	155,092
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 5,022</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26</u>	<u>\$ 18,289</u>	<u>\$ 10,524</u>	<u>\$ 118,256</u>
<u>Cash and Investment Assets - Ending</u>								
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 26	\$ 18,289	\$ -	\$ 77,817
Restricted assets:								
Cash and investments	-	5,022	-	-	-	-	10,524	40,439
Total cash and investment assets - ending	\$ -	\$ 5,022	\$ -	\$ -	\$ 26	\$ 18,289	\$ 10,524	\$ 118,256
<u>Cash and Investment Fund Balance - Ending</u>								
Restricted for:								
Public safety	\$ -	\$ 5,022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,731
Highways and streets	-	-	-	-	-	-	-	3,638
Culture and recreation	-	-	-	-	-	-	-	13,546
Capital outlay	-	-	-	-	-	-	10,524	10,524
Unrestricted	-	-	-	-	26	18,289	-	77,817
Total cash and investment fund balance - ending	\$ -	\$ 5,022	\$ -	\$ -	\$ 26	\$ 18,289	\$ 10,524	\$ 118,256

TOWN OF AUSTIN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Revenue bonds:		
Taxable Tax Increment Revenue Bonds of 2007	\$ 935,000	\$ 34,576
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
Sewage Works Revenue Bonds of 2002 Series A	\$ 90,000	\$ 4,229
Sewage Works Revenue Bonds of 2002 Series B	2,514,000	102,794
Sewage Works Revenue Bonds of 2007	<u>225,000</u>	<u>24,784</u>
Total Wastewater Utility	<u>\$ 2,829,000</u>	<u>\$ 131,807</u>

TOWN OF AUSTIN
AUDIT RESULTS AND COMMENTS

ADVANCE PAYMENT TO AUSTIN RURAL ENTERPRISE COMMUNITY, INC.
(Applies to Redevelopment Commission)

Redevelopment Commission officials stated that officials of the Town of Austin Rural Enterprise Community, Inc. (AREC), requested financial assistance from the Commission for the installation of street lights in the Town of Austin. The AREC is a not-for-profit corporation established to administer United States Department of Agriculture grants for certain benchmarked projects benefiting the Town of Austin. The Redevelopment Commission membership consists of five members of which three members are AREC Board of Directors.

The Redevelopment Commission authorized payment to AREC in the amount of \$93,714 that was paid on August 23, 2007. The payment to AREC was made without a written contract describing the services the Town would receive and was made in advance of any work being performed. No street lights have been installed as of August 27, 2008. The Town Attorney requested a refund from AREC for the amount advanced by the Commission. No refund has been received as of August 27, 2008.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

REIMBURSEMENT TO AUSTIN RURAL ENTERPRISE COMMUNITY, INC.
(Applies to Redevelopment Commission)

The Redevelopment Commission authorized a payment in the amount of \$20,000 to the Austin Rural Enterprise Community, Inc. (AREC), on March 7, 2007. The approval was based on a letter submitted to the Commission from the former AREC Director requesting reimbursement for AREC expenses incurred in providing various administrative services for the State Road 256 Drainage Project beginning in November of 2005. The AREC is a not-for-profit corporation established to administer United States Department of Agriculture grants for certain benchmarked projects benefiting the Town of Austin. The Redevelopment Commission membership consists of five members of which three members are AREC Board of Directors.

There was no contract presented for audit showing that the Redevelopment Commission had agreed to reimburse the AREC for administrative services. No invoice or other expenditure documentation was presented for audit itemizing the specific dates services were rendered, the nature or purpose of the services, and the rate of compensation for the services.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF AUSTIN
AUDIT RESULTS AND COMMENTS
(Continued)

RENOVATION OF TOWN OFFICES (Applies to Redevelopment Commission and Town Council)

The following payments were made to the Austin Rural Enterprise Community, Inc. (AREC), during the year 2007 for renovation of Town offices from the following Town funds:

<u>Fund</u>	<u>Amount</u>
Tax Increment Finance	\$ 20,000
Wastewater Utility	<u>25,000</u>
Total	<u>\$ 45,000</u>

The AREC is a not-for-profit corporation established to administer United States Department of Agriculture grants for certain benchmarked projects benefiting the Town of Austin.

The \$20,000 payment was authorized by the Redevelopment Commission and the \$25,000 payment was authorized by the Town Council. The payments from both funds were made without a written contract and without supporting documentation itemizing the specific work performed. No documentation was presented for audit showing that quotes were solicited for either project.

Indiana Code 36-1-12-5 states in part the following:

"(a) This section applies whenever a public work project is estimated to cost less than fifty thousand dollars (\$50,000). . . ."

"(b) The board must proceed under the following provisions:

- (1) The board shall invite quotes from at least three (3) persons known to deal in the class of work proposed to be done by mailing them a notice stating that plans and specifications are on file in a specified office. The notice must be mailed not less than seven (7) days before the time fixed for receiving quotes.
- (2) The board may not require a person to submit a quote before the meeting at which quotes are to be received. The meeting for receiving quotes must be open to the public. All quotes received shall be opened publicly and read aloud at the time and place designated and not before.
- (3) The board shall award the contract for the public work to the lowest responsible and responsive quoter. . . ."

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF AUSTIN
AUDIT RESULTS AND COMMENTS
(Continued)

REDEVELOPMENT COMMISSION DUTIES (Applies to Redevelopment Commission)

The Redevelopment Commission did not perform the following duties:

- (1) The Commission members did not obtain an official bond for faithful performance of duties of office.

Indiana Code 36-7-14-7(c) states: "Each redevelopment commissioner, before beginning his duties, shall execute a bond payable to the state, with surety to be approved by the executive of the unit. The bond must be in the penal sum of fifteen thousand dollars (\$15,000) and must be conditioned on the faithful performance of the duties of his office and the accounting for all monies and property that may come into his hands or under his control. The cost of the bond shall be paid by the special taxing district."

- (2) There were no annual Redevelopment Commission reports presented for audit.

Indiana Code 36-7-14-13(a) states: "Within thirty (30) days after the close of each calendar year, the redevelopment commissioners shall file with the unit's executive a report setting out their activities during the preceding calendar year."

- (3) There were no records presented for audit showing the Redevelopment Commission had organizational meetings the first business day of each year.

Indiana Code 36-7-14-8(a) states in part: "The redevelopment commissioners shall hold a meeting for the purpose of organization . . . each year on the first day in January that is not a Saturday, a Sunday, or a legal holiday. They shall choose one (1) of their members as president, another as vice president, and another as secretary . . ."

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Town of Austin (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2006 and 2007. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

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. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2006 and 2007.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a Town's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the Town's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 27, 2008

TOWN OF AUSTIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2006 and 2007

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-06	Total Federal Awards Expended 12-31-07
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Direct:				
Water and Waste Disposal Loans and Grants	10.770			
Austin Sewer Improvement Project Phase II			\$ 5,000	\$ 1,044,500
<u>U.S. DEPARTMENT OF COMMERCE</u>				
Direct-Through U.S. Department of Agriculture				
Investment for Public Works and Economic Development Facilities	11.300			
Austin Sewer Improvement Project Phase II			-	530,000
Total federal awards expended			<u>\$ 5,000</u>	<u>\$ 1,574,500</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF AUSTIN
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Austin (Town) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of Towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF AUSTIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
10.770	Water and Waste Disposal Loans and Grants
11.300	Investment for Public Works and Economical Development Facilities

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF AUSTIN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF AUSTIN
EXIT CONFERENCE

The contents of this report were discussed on August 27, 2008, with the following officials:

Douglas Campbell, Mayor
Dillo Bush, Clerk-Treasurer

The above officials concurred with our audit findings.

The contents of this report were also discussed on August 27, 2008, with Janie Alexander, President of the Redevelopment Commission.