

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

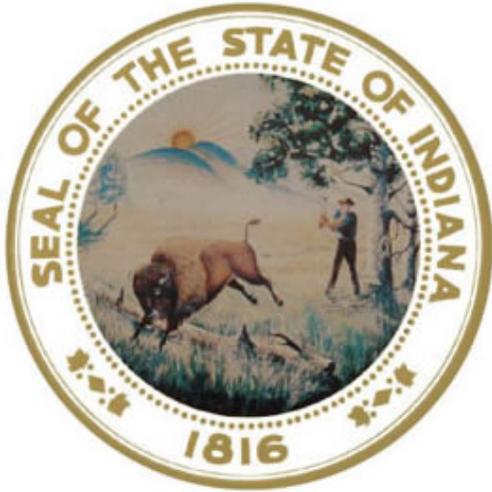
FINANCIAL STATEMENT EXAMINATION REPORT

OF

CITY OF AUSTIN

SCOTT COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
04/18/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Dillo Bush	01-01-08 to 12-31-15
Mayor	Douglas Campbell	01-01-08 to 12-31-15
President of the Board of Public Works and Safety	Douglas Campbell	01-01-08 to 12-31-15
President of the Common Council	Roger Hawkins Jim Kallembach	01-01-11 to 12-31-12 01-01-13 to 12-31-13
President of the Redevelopment Commission	Albert Thormyer Janie Alexander Richie Buchanan	01-01-11 to 12-31-11 01-01-12 to 12-31-12 01-01-13 to 12-31-13
Superintendent of Wastewater Utility	Howard Watts	01-01-11 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statement of the City of Austin (City), for the year ended December 31, 2011. The financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on the financial statement 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, Common Council, and others within the entity 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

November 28, 2012

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF AUSTIN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 149,691	\$ 749,754	\$ 867,304	\$ 32,141
Motor Vehicle Highway	30,884	185,566	215,357	1,093
Local Road And Street	(1,457)	37,745	29,041	7,247
Sanitation	37,656	238,031	264,614	11,073
Good Works Indiana	-	48,997	47,997	1,000
Law Enforcement Continuing Ed	6,688	2,819	1,586	7,921
Park And Recreation	2,646	7,421	6,193	3,874
Rainy Day	93,179	-	64,900	28,279
Levy Excess	1,474	-	1,474	-
TIF District #1	487,978	410,688	333,785	564,881
Cumulative Capl Imprv Cigarette Tax	29,969	13,566	15,000	28,535
Cumulative Capital Development	14,446	15,673	29,426	693
TIF Bond & Interest	-	51,792	-	51,792
Police Pension Fund	31,363	24,779	56,049	93
Crossing Guard	-	7,300	2,738	4,562
TIF Debt Service	-	261,210	-	261,210
Donations	3,917	19,513	22,002	1,428
Operation Pullover/Taser Grants	-	3,285	3,285	-
State Grant #2	816	-	-	816
CDBG Money	-	150,171	150,171	-
Land Acquisition Fund	125,000	-	21,150	103,850
Planning Grant	2,000	15,360	13,960	3,400
Police Activity	1,755	-	170	1,585
Christie Fund (Manaugh Park)	103,981	132	17,313	86,800
Manaugh Park	479	885	816	548
Tax Money In Lieu Of Annexation	3,276	42,400	45,669	7
Rental Income	10,439	11,200	10,993	10,646
TIF/Pepsi Project	93,500	-	93,500	-
Payroll Fund	11,571	909,875	919,824	1,622
Sewer Cash Operating	1,613	1,363,924	1,288,116	77,421
Thoroughfare Bond (Sinking)	347,343	300,350	448,766	198,927
Utility Improvement Fund	14,017	47,200	28,527	32,690
Debt Reserve	207,123	14,532	-	221,655
Totals	<u>\$ 1,811,347</u>	<u>\$ 4,934,168</u>	<u>\$ 4,999,726</u>	<u>\$ 1,745,789</u>

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

CITY OF AUSTIN
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, wastewater, trash, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts may include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

CITY OF AUSTIN
NOTES TO FINANCIAL STATEMENT
(Continued)

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, park rental fees, cable TV receipts, ordinance violations, and fines and fees.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements may include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies, which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, and transfers out that are authorized by statute, ordinance, resolution, or court order.

CITY OF AUSTIN
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize the City 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.

CITY OF AUSTIN
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

The City may be 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; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the City 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

B. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

CITY OF AUSTIN
NOTES TO FINANCIAL STATEMENT
(Continued)

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 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF AUSTIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	Sanitation	Good Works Indiana	Law Enforcement Continuing Ed	Park And Recreation
Cash and investments - beginning	\$ 149,691	\$ 30,884	\$ (1,457)	\$ 37,656	\$ -	\$ 6,688	\$ 2,646
Receipts:							
Taxes	313,523	59,023	-	-	-	-	5,323
Licenses and permits	31,263	-	-	-	-	940	-
Intergovernmental	245,718	117,629	23,745	-	-	-	448
Charges for services	38,888	3,394	-	194,961	-	1,244	1,650
Fines and forfeits	21,389	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	98,973	5,520	14,000	43,070	48,997	635	-
Total receipts	749,754	185,566	37,745	238,031	48,997	2,819	7,421
Disbursements:							
Personal services	521,507	151,494	-	132,556	13,100	-	-
Supplies	59,271	19,847	29,041	21,057	15,901	1,586	1,121
Other services and charges	261,574	14,569	-	75,852	18,996	-	5,072
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	713	8,231	-	31,649	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	24,239	21,216	-	3,500	-	-	-
Total disbursements	867,304	215,357	29,041	264,614	47,997	1,586	6,193
Excess (deficiency) of receipts over disbursements	(117,550)	(29,791)	8,704	(26,583)	1,000	1,233	1,228
Cash and investments - ending	\$ 32,141	\$ 1,093	\$ 7,247	\$ 11,073	\$ 1,000	\$ 7,921	\$ 3,874

CITY OF AUSTIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Rainy Day	Levy Excess	TIF District #1	Cumulative Capl Imprv Cigarette Tax	Cumulative Capital Development	TIF Bond & Interest	Police Pension Fund
Cash and investments - beginning	\$ 93,179	\$ 1,474	\$ 487,978	\$ 29,969	\$ 14,446	\$ -	\$ 31,363
Receipts:							
Taxes	-	-	404,815	-	14,455	-	22,780
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	13,566	1,217	-	1,924
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	5,873	-	1	51,792	75
Total receipts	-	-	410,688	13,566	15,673	51,792	24,779
Disbursements:							
Personal services	-	-	-	-	-	-	56,049
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	3,082	-	-	-	-
Debt service - principal and interest	-	-	58,438	-	-	-	-
Capital outlay	-	-	52,763	-	29,426	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	64,900	1,474	219,502	15,000	-	-	-
Total disbursements	64,900	1,474	333,785	15,000	29,426	-	56,049
Excess (deficiency) of receipts over disbursements	(64,900)	(1,474)	76,903	(1,434)	(13,753)	51,792	(31,270)
Cash and investments - ending	\$ 28,279	\$ -	\$ 564,881	\$ 28,535	\$ 693	\$ 51,792	\$ 93

CITY OF AUSTIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Crossing Guard	TIF Debt Service	Donations	Operation Pullover/Taser Grants	State Grant #2	CDBG Money	Land Acquisition Fund
Cash and investments - beginning	\$ -	\$ -	\$ 3,917	\$ -	\$ 816	\$ -	\$ 125,000
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	7,300	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	261,210	19,513	3,285	-	150,171	-
Total receipts	<u>7,300</u>	<u>261,210</u>	<u>19,513</u>	<u>3,285</u>	<u>-</u>	<u>150,171</u>	<u>-</u>
Disbursements:							
Personal services	1,077	-	-	-	-	31,100	-
Supplies	1,661	-	-	-	-	-	-
Other services and charges	-	-	-	3,285	-	119,071	1,150
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	22,002	-	-	-	20,000
Total disbursements	<u>2,738</u>	<u>-</u>	<u>22,002</u>	<u>3,285</u>	<u>-</u>	<u>150,171</u>	<u>21,150</u>
Excess (deficiency) of receipts over disbursements	<u>4,562</u>	<u>261,210</u>	<u>(2,489)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,150)</u>
Cash and investments - ending	<u>\$ 4,562</u>	<u>\$ 261,210</u>	<u>\$ 1,428</u>	<u>\$ -</u>	<u>\$ 816</u>	<u>\$ -</u>	<u>\$ 103,850</u>

CITY OF AUSTIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Planning Grant	Police Activity	Christie Fund (Manaugh Park)	Manaugh Park	Tax Money In Lieu Of Annexation	Rental Income	TIF/Pepsi Project
Cash and investments - beginning	\$ 2,000	\$ 1,755	\$ 103,981	\$ 479	\$ 3,276	\$ 10,439	\$ 93,500
Receipts:							
Taxes	11,960	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	42,400	-	-
Charges for services	-	-	-	885	-	11,200	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	3,400	-	132	-	-	-	-
Total receipts	15,360	-	132	885	42,400	11,200	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	118	-	578	-
Other services and charges	13,960	-	-	698	-	415	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	17,313	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	170	-	-	45,669	10,000	93,500
Total disbursements	13,960	170	17,313	816	45,669	10,993	93,500
Excess (deficiency) of receipts over disbursements	1,400	(170)	(17,181)	69	(3,269)	207	(93,500)
Cash and investments - ending	\$ 3,400	\$ 1,585	\$ 86,800	\$ 548	\$ 7	\$ 10,646	\$ -

CITY OF AUSTIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Payroll Fund	Sewer Cash Operating	Thoroughfare Bond (Sinking)	Utility Improvement Fund	Debt Reserve	Totals
Cash and investments - beginning	\$ 11,571	\$ 1,613	\$ 347,343	\$ 14,017	\$ 207,123	\$ 1,811,347
Receipts:						
Taxes	-	-	-	-	-	831,879
Licenses and permits	-	-	-	-	-	32,203
Intergovernmental	-	-	-	-	-	446,647
Charges for services	-	-	-	-	-	259,522
Fines and forfeits	-	-	-	-	-	21,389
Utility fees	-	1,207,910	-	-	-	1,207,910
Other receipts	909,875	156,014	300,350	47,200	14,532	2,134,618
Total receipts	909,875	1,363,924	300,350	47,200	14,532	4,934,168
Disbursements:						
Personal services	919,824	-	-	-	-	1,826,707
Supplies	-	-	-	-	-	150,181
Other services and charges	-	-	-	-	-	517,724
Debt service - principal and interest	-	-	298,766	-	-	357,204
Capital outlay	-	7,684	-	28,527	-	176,306
Utility operating expenses	-	865,892	-	-	-	865,892
Other disbursements	-	414,540	150,000	-	-	1,105,712
Total disbursements	919,824	1,288,116	448,766	28,527	-	4,999,726
Excess (deficiency) of receipts over disbursements	(9,949)	75,808	(148,416)	18,673	14,532	(65,558)
Cash and investments - ending	\$ 1,622	\$ 77,421	\$ 198,927	\$ 32,690	\$ 221,655	\$ 1,745,789

CITY OF AUSTIN
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 23,297	\$ 500
Wastewater	<u>199,960</u>	<u>-</u>
Totals	<u>\$ 223,257</u>	<u>\$ 500</u>

CITY OF AUSTIN
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Notes and loans payable	Police Cars	\$ 66,861	\$ 33,507
Notes and loans payable	Lease of Backhoe	51,189	18,411
Notes and loans payable	Garbage Packer	46,793	24,838
Notes and loans payable	2007 Tax Increment Revenue Bonds	<u>935,000</u>	<u>88,438</u>
Total governmental activities		<u>1,099,843</u>	<u>1,265,037</u>
Wastewater:			
Revenue bonds	Sewage works revenue bonds 2002 series A	2,471,000	148,340
Revenue bonds	Sewage works revenue bonds 2002 series B	85,000	5,815
Revenue bonds	Sewage works revenue bonds of 2007	2,696,000	145,232
Notes and loans payable	Belt Filter Press (labor to build building)	<u>31,070</u>	<u>11,175</u>
Total Wastewater		<u>5,283,070</u>	<u>5,593,632</u>
Totals		<u>\$ 6,382,913</u>	<u>\$ 475,756</u>

CITY OF AUSTIN
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 220,417
Infrastructure	1,262,000
Buildings	934,106
Improvements other than buildings	210,378
Machinery, equipment and vehicles	465,489
Total governmental activities	3,092,390
Wastewater:	
Land	131,854
Buildings	310,253
Improvements other than buildings	17,932,374
Machinery, equipment and vehicles	169,007
Total Wastewater	18,543,488
Total capital assets	\$ 21,635,878

CITY OF AUSTIN
OTHER REPORT

The annual report presented herein was prepared in addition to another official report prepared for the individual City office listed below:

Common Council

CITY OF AUSTIN
EXAMINATION RESULTS AND COMMENTS

UTILITY ADJUSTMENT POLICY (Applies to Common Council)

The Wastewater Utility did not have a formal policy identifying instances in which adjustments can be made to customer accounts and documentation required to support the reason for the adjustments. We recommend a formal adjustment policy be adopted to ensure consistency in activity being adjusted and to provide guidance to employees on the circumstances adjustments are allowed.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

APPROPRIATIONS (Applies to Clerk-Treasurer)

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Excess Amount Expended</u>
Police Pension	\$ 12,026
Local Road and Street	14,041
Rainy Day	13,900

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

DISBURSEMENT PROCEDURES NOT FOLLOWED (Applies to Clerk-Treasurer)

State statutes and good internal control procedures require that a disbursement be made only after a department head or other employee has verified that goods or services purchased have been received. A review of accounts payable vouchers (claims) showed that 50 percent of those selected for testing were not certified by the department head or other employee that the goods or services purchased were received. Failure to have the claims reviewed by the responsible department prior to payment could result in items paid for by the City for which the goods or services have not been received or instances in which no payment is due as the goods or services should have been covered under warranty or other contractual agreement.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

CITY OF AUSTIN
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

LOANS BETWEEN FUNDS (Applies to Clerk-Treasurer)

The City had several loans between funds during the examination period some of which required repayment of the amounts over multiple years. The City did not keep a formal record identifying the fund which made the loan, the fund receiving the loan, the date of the loan, dollar amount of the loan, or any repayments made. As a result, the City could not readily determine the outstanding balance of any loans between funds or if all loans made between the funds had been properly repaid. We recommend the City maintain a formal record of the loans made between funds in order to ensure that the proper amounts are repaid as required.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines for Cities and Towns, Chapter 7)

PAYROLL COMPENSATORY TIME (Applies to Clerk-Treasurer and Common Council)

The City allows compensatory time in lieu of time off for overtime worked by employees. The City does not keep formal records of the compensatory time earned for each employee, the time used, and the remaining balance. The compensatory time earned and used is not recorded on the payroll voucher which documents the pay earned. Furthermore, the City's personnel policy does not address if there is a maximum amount of compensatory time allowed to be accrued. Failure to adequately document compensatory time earned, used and remaining balance could result in an employee receiving compensation for compensatory time that is unearned during a normal work schedule or upon separation from employment.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

CITY OF AUSTIN
EXAMINATION RESULTS AND COMMENTS
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making incorrect decision making. (Accounting and Uniform Compliance Guidelines for Cities and Towns, Chapter 7)

CITY OF AUSTIN
EXIT CONFERENCE

The contents of this report were discussed on November 28, 2012, with Roger Hawkins, President of the Common Council; Douglas Campbell, Mayor; and Dillo Bush, Clerk-Treasurer. The officials concurred with our findings.