

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

EXAMINATION REPORT
OF
TOWN OF ALBION
NOBLE COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
12/31/2008

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Carol A. Selby

05-01-04 to 12-31-11

President of the
Town Council

James L. Stull

01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Albion (Town), for the period of January 1, 2006 to December 31, 2007. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

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

STATE BOARD OF ACCOUNTS

December 10, 2008

TOWN OF ALBION
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 387,956	\$ 797,390	\$ 726,950	\$ 458,396
Motor Vehicle Highway	334,704	275,607	360,367	249,944
Local Road and Street	70,426	12,916	23,429	59,913
Park and Recreation	63,401	75,553	101,922	37,032
Park-Donation	4,519	13,138	15,537	2,120
Park-Cougar Basketball	2,288	3,918	4,028	2,178
Park-Soccer	50	-	-	50
Park-Fireworks Donation	1,034	3,032	4,066	-
Park-Skateboard	591	-	-	591
Law Enforcement Continuing Education	1,599	1,422	1,728	1,293
Donation	217	16,578	16,478	317
Levy Excess	8,188	-	8,188	-
Cemetery	35,302	41,865	39,424	37,743
Chipper Replacement Fund	2,017	513	-	2,530
Bullet Proof Vest Partner	-	290	290	-
Grant	-	6,249	6,249	-
Cumulative Capital Improvement	87,777	8,160	27,881	68,056
Cumulative Capital Development	107,681	29,281	40,731	96,231
Park Development	1,161	15,470	9,597	7,034
CEDIT	131,788	87,083	74,278	144,593
General Improvement	9,304	-	-	9,304
TIF #1	351,908	260,082	98,386	513,604
TIF #2	136	31,017	1,000	30,153
Debt Service - Fire Station	27,452	68,224	64,107	31,569
Proprietary Funds:				
Water Utility - Operating	427,436	388,175	403,521	412,090
Water Utility - Customer Deposit	38,942	11,700	6,870	43,772
Wastewater Utility - Operating	143,439	237,405	244,119	136,725
Fiduciary Funds:				
PERF	1,148	6,885	6,005	2,028
Payroll	22,491	274,820	274,464	22,847
Corporation Payroll Tax	134	183,866	183,862	138
Totals	<u>\$ 2,263,089</u>	<u>\$ 2,850,639</u>	<u>\$ 2,743,477</u>	<u>\$ 2,370,251</u>

The accompanying notes are an integral part of the financial information.

TOWN OF ALBION
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007
(Continued)

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 458,396	\$ 858,030	\$ 829,683	\$ 486,743
Motor Vehicle Highway	249,944	327,929	275,506	302,367
Local Road and Street	59,913	84,032	82,438	61,507
Park and Recreation	37,032	88,826	95,328	30,530
Park-Donation	2,120	21,616	18,678	5,058
Park-Cougar Basketball	2,178	4,496	3,942	2,732
Park-Soccer	50	-	-	50
Park-Fireworks Donation	-	6,399	4,120	2,279
Park-Skateboard	591	1,293	75	1,809
Law Enforcement Continuing Education	1,293	1,856	1,956	1,193
Rainy Day Fund	-	38,617	-	38,617
Donation	317	19,675	16,641	3,351
Levy Excess	-	-	-	-
Cemetery	37,743	52,767	43,291	47,219
Chipper Replacement Fund	2,530	516	-	3,046
Bullet Proof Vest Partner	-	593	593	-
Grant	-	63,478	63,478	-
Cumulative Capital Improvement	68,056	173,520	165,497	76,079
Cumulative Capital Development	96,231	44,983	22,929	118,285
Park Development	7,034	9	5,682	1,361
CEDIT	144,593	127,041	135,905	135,729
General Improvement	9,304	5,077	5,077	9,304
TIF #1	513,604	457,603	162,609	808,598
TIF #2	30,153	18,963	9,620	39,496
Debt Service - Fire Station	31,569	100,915	103,000	29,484
Proprietary Funds:				
Water Utility - Operating	412,090	421,232	252,146	581,176
Water Utility - Customer Deposit	43,772	7,900	7,055	44,617
Wastewater Utility - Operating	136,725	248,114	241,362	143,477
Fiduciary Funds:				
PERF	2,028	7,145	7,571	1,602
Payroll	22,847	355,636	355,592	22,891
Corporation Payroll Tax	138	178,600	178,594	144
Totals	<u>\$ 2,370,251</u>	<u>\$ 3,716,861</u>	<u>\$ 3,088,368</u>	<u>\$ 2,998,744</u>

The accompanying notes are an integral part of the financial information.

TOWN OF ALBION
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, general administrative, water and wastewater services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF ALBION
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Subsequent Events - Water Tower Project

On December 9, 2008, the Town Council awarded construction contracts totaling \$1,231,863 for replacement of the water tower and improvements to the water distribution system. The project will be funded primarily by a \$500,000 Community Focus Fund (CDBG) grant and a \$500,000 bank loan.

TOWN OF ALBION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2007

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

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

	Ending Balance <u>12/31/07</u>
<u>Primary Government</u>	
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 220,020
Infrastructure	36,284
Buildings	3,009,340
Improvements other than buildings	307,522
Machinery and equipment	<u>2,926,772</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 6,499,938</u>
 Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 11,457
Buildings	68,847
Improvements other than buildings	921,893
Machinery and equipment	321,927
Transportation equipment	<u>125,493</u>
 Total Water Utility capital assets	 <u>1,449,617</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	15,002
Buildings	80,465
Improvements other than buildings	1,238,439
Machinery and equipment	210,952
Transportation equipment	<u>134,209</u>
 Total Wastewater Utility capital assets	 <u>1,679,067</u>
 Total business-type activities capital assets	 <u>\$ 3,128,684</u>

TOWN OF ALBION
 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:		
Capital leases:		
Fire station/municipal building	\$ 1,130,000	\$ 100,000
Fire tanker replacement unit	12,021	12,236
Ford F-750 dump truck (1/3)	5,842	6,210
Total governmental activities:	\$ 1,147,863	\$ 118,446
Business-type Activities:		
Water Utility:		
Capital lease:		
Ford F-750 dump truck (1/3)	\$ 5,842	\$ 6,210
Wastewater Utility:		
Capital lease:		
Ford F-750 dump truck (1/3)	5,842	6,210
Total business-type activities:	\$ 11,684	\$ 12,420

TOWN OF ALBION
EXIT CONFERENCE

The contents of this report were discussed on December 10, 2008, with Beth Shellman, Town Manager; and Carol A. Selby, Clerk-Treasurer. Our examination disclosed no material items that warrant comment at this time.