

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF AUSTIN

SCOTT COUNTY, INDIANA

January 1, 2012 to December 31, 2016



FILED
12/06/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Dillo Bush	01-01-12 to 12-31-15
	Christopher T. Fugate	01-01-16 to 12-31-19
Mayor	Douglas Campbell	01-01-12 to 12-31-15
	Dillo Bush	01-01-16 to 01-31-19
President of the Board of Public Works and Safety	Douglas Campbell	01-01-12 to 12-31-15
	Dillo Bush	01-01-16 to 12-13-17
President Pro Tempore of the Common Council	Roger Hawkins	01-01-11 to 12-31-12
	James Kallembach	01-01-13 to 12-31-13
	Nathan Campbell	01-01-14 to 12-31-14
	James Kallembach	01-01-15 to 12-31-15
	Don Campbell	01-01-16 to 12-31-16
	Brandon White	01-01-17 to 12-31-17
Superintendent of Wastewater Utility	Howard Watts	01-01-12 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our examination report of the City of Austin (City), for the period from January 1, 2012 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statements Examination Report of the City, which provides our opinion on the City's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

December 4, 2017

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CLERK-TREASURER
CITY OF AUSTIN

CLERK-TREASURER
CITY OF AUSTIN
EXAMINATION RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

The City did not have sufficient internal controls in place to ensure their 2012 Annual Financial Report properly reflected the activity of the City. The disbursements of the Payroll Fund totaling \$923,343 were not reported.

Audit adjustments were proposed, accepted by the Clerk-Treasurer, and made to the financial statements presented in this report.

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

CLERK-TREASURER
CITY OF AUSTIN
EXAMINATION RESULTS AND COMMENTS
(Continued)

APPROPRIATIONS

The records presented indicated the Clerk-Treasurer paid claims out of the following funds without a sufficient appropriation balance:

Fund	Year	Excess Amount Expended
General	2012	\$ 37,020
Police Pension	2012	54,372
Local Road And Street	2012	14,412
Sanitation	2012	95,950
General	2013	16,370
Police Pension	2013	70,165
Local Road And Street	2013	4,373
Motor Vehicle Highway	2013	7,973
Park And Recreation	2013	1,340
Sanitation	2013	75,416
Police Pension	2014	1,028
Local Road And Street	2014	2,703
Park And Recreation	2014	4,889
Local Road And Street	2015	9,502
Park And Recreation	2015	970
Cumulative Capl Imprv Cigarette Tax	2015	10,000
Police Pension	2016	870

A similar comment also appeared in prior Report B42130, entitled *APPROPRIATIONS*.

Indiana Code 36-4-8-2 states in part:

"Money may be paid out of the city treasury only on warrant of the city fiscal officer. Unless a statute provides otherwise, the fiscal officer may draw a warrant against a fund of the city only if:

- (1) an appropriation has been made for that purpose and the appropriation is not exhausted . . ."

CLERK-TREASURER
CITY OF AUSTIN
EXIT CONFERENCE

The contents of this report were discussed on December 4, 2017, with Christopher T. Fugate, Clerk-Treasurer; Dillo Bush, Mayor; Joseph B. Smith, Common Council member; and Staci Mullins, Common Council member.

COMMON COUNCIL
CITY OF AUSTIN

COMMON COUNCIL
CITY OF AUSTIN
EXAMINATION RESULT AND COMMENT

APPROPRIATIONS

The records presented indicated the Common Council approved claims for payment out of the following funds which were in excess of the appropriation balance:

Fund	Year	Excess Amount Expended
General	2012	\$ 37,020
Police Pension	2012	54,372
Local Road And Street	2012	14,412
Sanitation	2012	95,950
General	2013	16,370
Police Pension	2013	70,165
Local Road And Street	2013	4,373
Motor Vehicle Highway	2013	7,973
Park And Recreation	2013	1,340
Sanitation	2013	75,416
Police Pension	2014	1,028
Local Road And Street	2014	2,703
Park And Recreation	2014	4,889
Local Road And Street	2015	9,502
Park And Recreation	2015	970
Cumulative Capl Imprv Cigarette Tax	2015	10,000
Police Pension	2016	870

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."

COMMON COUNCIL
CITY OF AUSTIN
EXIT CONFERENCE

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