

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF ALBANY
DELAWARE COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED
07/11/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Marcie J. Schlosser	01-01-16 to 12-31-19
President of the Town Council	Philip D. Evans	01-01-18 to 12-31-18
	Steven R. Hall	01-01-19 to 12-31-19



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ALBANY, DELAWARE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Town of Albany (Town), which comprises the financial position and results of operations for the year ended December 31, 2018, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the year ended December 31, 2018.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the year ended December 31, 2018, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Other Information

Our audit was conducted for the purpose of forming an opinion on the Town'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 auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 11, 2019, 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 solely 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 effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

June 11, 2019



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE TOWN OF ALBANY, DELAWARE COUNTY, INDIANA

We have audited, 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, the financial statement of the Town of Albany (Town), which comprises the financial position and results of operations for the year ended December 31, 2018, and the related notes to the financial statement, and have issued our report thereon dated June 11, 2019, wherein we noted the Town followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider to be a material weakness.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Town's financial statement is 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001.

Town of Albany's Response to Findings

The Town's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

June 11, 2019

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

TOWN OF ALBANY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2018

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18
GENERAL	\$ 285,969	\$ 532,881	\$ 466,167	\$ 352,683
MOTOR VEHICLE HIGHWAY	316,409	143,045	68,910	390,544
LOCAL ROAD AND STREET	52,117	31,756	-	83,873
DELAWARE AND RANDOLPH EDIT	402,384	106,454	242,205	266,633
STATE GRANT	-	92,794	92,794	-
RIVERBOAT WAGER TX REV SH	40,156	12,825	26,363	26,618
PARK	88,715	2,246	40,157	50,804
RAINY DAY	3,759	-	785	2,974
LOIT SPECIAL DISTRIBUTION	10,586	-	-	10,586
LEVY EXCESS	31	-	-	31
CUM. CAP. DEVELOPMENT	160,149	23,553	173,000	10,702
REDEVELOPMENT CAPITAL	85	141,289	140,000	1,374
FIRE	57,500	239,464	222,027	74,937
CUM. CAP. IMP.	27,144	5,061	2,451	29,754
FIREWORKS DONATIONS	-	2,955	2,955	-
LAW ENFORMENT CONT ED	4,151	914	1,374	3,691
POLICE DONATIONS	4	1,575	-	1,579
PAYROLL FUND/NET SALARIES	-	346,546	346,546	-
PAYROLL FUND/FEDERAL TAX	-	50,940	50,940	-
PAYROLL/TWN SHARE SOC SEC	-	29,435	29,435	-
PAYROLL/EMP SHARE SOC SEC	-	29,435	29,435	-
PAYROLL/STATE TAXES	-	15,414	15,414	-
PAYROLL/COUNTY TAXES	-	7,911	7,911	-
PAYROLL/TWN SHARE MEDICARE	-	6,884	6,884	-
PAYROLL/EMP SHARE MEDICARE	-	6,884	6,884	-
PERF/EMPLOYEE PORTION	-	12,888	12,888	-
PERF/TOWN PORTION	-	48,120	48,120	-
VOLUNTARY PERF DEDUCTION	-	4,738	4,738	-
STORM WATER UTL - OPER	262,377	190,194	227,076	225,495
STORM WATER DEPRECIATION	362,213	85,080	25,881	421,412
STORM WATER DEBT RESERVE	127,838	-	-	127,838
STORM WATER BOND AND INT	80,551	122,400	117,202	85,749
TRASH UTL - OPERATING	61,557	123,102	120,216	64,443
SEWAGE UTILITY OPERATING	432,297	791,807	810,559	413,545
SEWAGE DEPRECIATION	180,556	579,963	239,363	521,156
SEWAGE BOND & INTEREST	163,266	411,600	242,908	331,958
SEWAGE DEBT RESERVE	259,238	-	-	259,238
SEWAGE DEBT SERVICE	-	161,000	-	161,000
SEWAGE POST - CONSTRUCTION	428,181	8,077,164	8,505,345	-
WATER UTILITY - OPERATING	141,297	460,770	541,134	60,933
WATER UTL CUST DEPOSIT	96,359	11,300	6,653	101,006
WATER DEPR/IMPROVEMENT	281,681	130,267	29,707	382,241
WATER DEBT RESERVE	48,094	-	-	48,094
WATER UTL BOND AND INT	135,430	123,732	122,285	136,877
WATER DEBT SERVICE	91,480	8,580	-	100,060
Totals	<u>\$ 4,601,574</u>	<u>\$ 13,172,966</u>	<u>\$ 13,026,712</u>	<u>\$ 4,747,828</u>

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

TOWN OF ALBANY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 include the following sources:

Taxes. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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 Town.

Licenses and permits. 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants,

TOWN OF ALBANY
NOTES TO FINANCIAL STATEMENT
(Continued)

cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax 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.

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits. Amounts received 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. Amounts received from charges for current services.

Other receipts. Amounts received from various sources, including, but 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 include the following uses:

Personal services. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

TOWN OF ALBANY
NOTES TO FINANCIAL STATEMENT
(Continued)

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Town may, from time to time, make transfers 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 Town. Each fund is used to account for amounts 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 Town. The amounts 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 Town 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 Town 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 Town 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

TOWN OF ALBANY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 Town to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The Town 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 Town 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 Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing 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 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 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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

TOWN OF ALBANY
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

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OTHER INFORMATION - UNAUDITED

The Town's Annual Financial Report information can be found on the Indiana Gateway for Government Units 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 Town's Annual Financial Report referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF ALBANY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	GENERAL	MOTOR VEHICLE HIGHWAY	LOCAL ROAD AND STREET	DELAWARE AND RANDOLPH EDIT	STATE GRANT
Cash and investments - beginning	\$ 285,969	\$ 316,409	\$ 52,117	\$ 402,384	\$ -
Receipts:					
Taxes	436,876	-	-	106,454	-
Licenses and permits	22,107	-	-	-	-
Intergovernmental receipts	59,520	91,855	31,756	-	92,794
Charges for services	-	51,190	-	-	-
Fines and forfeits	2,801	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	11,577	-	-	-	-
Total receipts	<u>532,881</u>	<u>143,045</u>	<u>31,756</u>	<u>106,454</u>	<u>92,794</u>
Disbursements:					
Personal services	256,276	5,603	-	-	-
Supplies	43,404	9,895	-	-	-
Other services and charges	82,511	52,313	-	102,205	92,794
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	83,976	1,099	-	140,000	-
Total disbursements	<u>466,167</u>	<u>68,910</u>	<u>-</u>	<u>242,205</u>	<u>92,794</u>
Excess (deficiency) of receipts over disbursements	<u>66,714</u>	<u>74,135</u>	<u>31,756</u>	<u>(135,751)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 352,683</u>	<u>\$ 390,544</u>	<u>\$ 83,873</u>	<u>\$ 266,633</u>	<u>\$ -</u>

TOWN OF ALBANY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	RIVERBOAT WAGER TX REV SH	PARK	RAINY DAY	LOIT SPECIAL DISTRIBUTION	LEVY EXCESS
Cash and investments - beginning	\$ 40,156	\$ 88,715	\$ 3,759	\$ 10,586	\$ 31
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	12,825	-	-	-	-
Charges for services	-	2,246	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	-	-	-	-
Total receipts	12,825	2,246	-	-	-
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	34,246	-	-	-
Other services and charges	4,136	5,911	345	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	22,227	-	440	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	26,363	40,157	785	-	-
Excess (deficiency) of receipts over disbursements	(13,538)	(37,911)	(785)	-	-
Cash and investments - ending	\$ 26,618	\$ 50,804	\$ 2,974	\$ 10,586	\$ 31

TOWN OF ALBANY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	CUM. CAP. DEVELOPMENT	REDEVELOPMENT CAPITAL	FIRE	CUM. CAP. IMP.	FIREWORKS DONATIONS
Cash and investments - beginning	\$ 160,149	\$ 85	\$ 57,500	\$ 27,144	\$ -
Receipts:					
Taxes	23,553	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	1,250	239,464	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	140,039	-	5,061	2,955
Total receipts	23,553	141,289	239,464	5,061	2,955
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	3,806	-	-
Other services and charges	-	-	18,247	-	2,955
Debt service - principal and interest	-	-	-	-	-
Capital outlay	173,000	140,000	188,721	2,451	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	11,253	-	-
Total disbursements	173,000	140,000	222,027	2,451	2,955
Excess (deficiency) of receipts over disbursements	(149,447)	1,289	17,437	2,610	-
Cash and investments - ending	\$ 10,702	\$ 1,374	\$ 74,937	\$ 29,754	\$ -

TOWN OF ALBANY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	LAW ENFORCEMENT CONT ED	POLICE DONATIONS	PAYROLL FUND/NET SALARIES	PAYROLL FUND/ FEDERAL TAX	PAYROLL/ TWN SHARE SOC SEC
Cash and investments - beginning	\$ 4,151	\$ 4	\$ -	\$ -	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	655	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	140	-	-	-	-
Fines and forfeits	119	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	1,575	346,546	50,940	29,435
Total receipts	<u>914</u>	<u>1,575</u>	<u>346,546</u>	<u>50,940</u>	<u>29,435</u>
Disbursements:					
Personal services	-	-	346,546	-	-
Supplies	-	-	-	-	-
Other services and charges	1,374	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	50,940	29,435
Total disbursements	<u>1,374</u>	<u>-</u>	<u>346,546</u>	<u>50,940</u>	<u>29,435</u>
Excess (deficiency) of receipts over disbursements	<u>(460)</u>	<u>1,575</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,691</u>	<u>\$ 1,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF ALBANY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	<u>PAYROLL/ EMP SHARE SOC SEC</u>	<u>PAYROLL/ STATE TAXES</u>	<u>PAYROLL/ COUNTY TAXES</u>	<u>PAYROLL/ TWN SHARE MEDICARE</u>	<u>PAYROLL/ EMP SHARE MEDICARE</u>
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	29,435	15,414	7,911	6,884	6,884
Total receipts	<u>29,435</u>	<u>15,414</u>	<u>7,911</u>	<u>6,884</u>	<u>6,884</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	29,435	15,414	7,911	6,884	6,884
Total disbursements	<u>29,435</u>	<u>15,414</u>	<u>7,911</u>	<u>6,884</u>	<u>6,884</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF ALBANY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	PERF/ EMPLOYEE PORTION	PERF/ TOWN PORTION	VOLUNTARY PERF DEDUCTION	STORM WATER UTL - OPER	STORM WATER DEPRECIATION
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 262,377	\$ 362,213
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	185,705	-
Other receipts	12,888	48,120	4,738	4,489	85,080
Total receipts	12,888	48,120	4,738	190,194	85,080
Disbursements:					
Personal services	-	-	-	9,025	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	5,298	-
Other disbursements	12,888	48,120	4,738	212,753	25,881
Total disbursements	12,888	48,120	4,738	227,076	25,881
Excess (deficiency) of receipts over disbursements	-	-	-	(36,882)	59,199
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 225,495	\$ 421,412

TOWN OF ALBANY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	STORM WATER DEBT RESERVE	STORM WATER BOND AND INT	TRASH UTL - OPERATING	SEWAGE UTILITY OPERATING
Cash and investments - beginning	\$ 127,838	\$ 80,551	\$ 61,557	\$ 432,297
Receipts:				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental receipts	-	-	-	-
Charges for services	-	-	123,084	-
Fines and forfeits	-	-	-	-
Utility fees	-	-	-	781,259
Other receipts	-	122,400	18	10,548
Total receipts	<u>-</u>	<u>122,400</u>	<u>123,102</u>	<u>791,807</u>
Disbursements:				
Personal services	-	-	-	114,087
Supplies	-	-	-	-
Other services and charges	-	-	120,216	11,263
Debt service - principal and interest	-	117,202	-	94,173
Capital outlay	-	-	-	-
Utility operating expenses	-	-	-	76,447
Other disbursements	-	-	-	514,589
Total disbursements	<u>-</u>	<u>117,202</u>	<u>120,216</u>	<u>810,559</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>5,198</u>	<u>2,886</u>	<u>(18,752)</u>
Cash and investments - ending	<u>\$ 127,838</u>	<u>\$ 85,749</u>	<u>\$ 64,443</u>	<u>\$ 413,545</u>

TOWN OF ALBANY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	<u>SEWAGE DEPRECIATION</u>	<u>SEWAGE BOND & INTEREST</u>	<u>SEWAGE DEBT RESERVE</u>	<u>SEWAGE DEBT SERVICE</u>
Cash and investments - beginning	\$ 180,556	\$ 163,266	\$ 259,238	\$ -
Receipts:				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental receipts	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Utility fees	-	-	-	-
Other receipts	579,963	411,600	-	161,000
Total receipts	<u>579,963</u>	<u>411,600</u>	<u>-</u>	<u>161,000</u>
Disbursements:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Debt service - principal and interest	-	242,908	-	-
Capital outlay	-	-	-	-
Utility operating expenses	-	-	-	-
Other disbursements	239,363	-	-	-
Total disbursements	<u>239,363</u>	<u>242,908</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>340,600</u>	<u>168,692</u>	<u>-</u>	<u>161,000</u>
Cash and investments - ending	<u>\$ 521,156</u>	<u>\$ 331,958</u>	<u>\$ 259,238</u>	<u>\$ 161,000</u>

TOWN OF ALBANY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	SEWAGE POST - CONSTRUCTION	WATER UTILITY - OPERATING	WATER UTL CUST DEPOSIT	WATER DEPR/ IMPROVEMENT
Cash and investments - beginning	\$ 428,181	\$ 141,297	\$ 96,359	\$ 281,681
Receipts:				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental receipts	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Utility fees	-	440,573	-	-
Other receipts	8,077,164	20,197	11,300	130,267
Total receipts	<u>8,077,164</u>	<u>460,770</u>	<u>11,300</u>	<u>130,267</u>
Disbursements:				
Personal services	-	118,286	-	-
Supplies	-	-	-	-
Other services and charges	-	9,221	-	-
Debt service - principal and interest	-	-	-	-
Capital outlay	8,505,345	-	-	-
Utility operating expenses	-	106,508	-	29,707
Other disbursements	-	307,119	6,653	-
Total disbursements	<u>8,505,345</u>	<u>541,134</u>	<u>6,653</u>	<u>29,707</u>
Excess (deficiency) of receipts over disbursements	<u>(428,181)</u>	<u>(80,364)</u>	<u>4,647</u>	<u>100,560</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 60,933</u>	<u>\$ 101,006</u>	<u>\$ 382,241</u>

TOWN OF ALBANY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	WATER DEBT RESERVE	WATER UTL BOND AND INT	WATER DEBT SERVICE	Totals
Cash and investments - beginning	\$ 48,094	\$ 135,430	\$ 91,480	\$ 4,601,574
Receipts:				
Taxes	-	-	-	566,883
Licenses and permits	-	-	-	22,762
Intergovernmental receipts	-	-	-	288,750
Charges for services	-	-	-	417,374
Fines and forfeits	-	-	-	2,920
Utility fees	-	-	-	1,407,537
Other receipts	-	123,732	8,580	10,466,740
Total receipts	-	123,732	8,580	13,172,966
Disbursements:				
Personal services	-	-	-	849,823
Supplies	-	-	-	91,351
Other services and charges	-	-	-	503,491
Debt service - principal and interest	-	122,285	-	576,568
Capital outlay	-	-	-	9,032,184
Utility operating expenses	-	-	-	217,960
Other disbursements	-	-	-	1,755,335
Total disbursements	-	122,285	-	13,026,712
Excess (deficiency) of receipts over disbursements	-	1,447	8,580	146,254
Cash and investments - ending	\$ 48,094	\$ 136,877	\$ 100,060	\$ 4,747,828

TOWN OF ALBANY
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2018

Government or Enterprise	Accounts Payable	Accounts Receivable
Storm Water	\$ -	\$ 10,934
Trash	-	5,790
Wastewater	-	20,037
Water	-	<u>17,046</u>
Totals	<u>\$ -</u>	<u>\$ 53,807</u>

TOWN OF ALBANY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2018

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Storm Water:			
Revenue bonds	Storm Water Revenue Bonds	\$ 1,245,000	\$ 114,913
Wastewater:			
Revenue bonds	Sewage Revenue Bonds	2,430,000	238,044
Revenue bonds	Sewage Revenue Bonds RD	<u>4,859,000</u>	<u>142,526</u>
Total Wastewater		<u>7,289,000</u>	<u>380,570</u>
Water:			
Revenue bonds	Waterworks Revenue Bonds of 2011	<u>2,802,000</u>	<u>123,045</u>
Totals		<u>\$ 11,336,000</u>	<u>\$ 618,528</u>

TOWN OF ALBANY
SCHEDULE OF CAPITAL ASSETS
December 31, 2018

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	\$ 233,627
Infrastructure	83,990
Buildings	414,257
Improvements other than buildings	49,382
Machinery, equipment, and vehicles	<u>1,089,782</u>
Total governmental activities	<u>1,871,038</u>
Storm Water:	
Land	60,938
Infrastructure	2,628,518
Machinery, equipment, and vehicles	<u>46,201</u>
Total Storm Water	<u>2,735,657</u>
Wastewater:	
Land	29,933
Infrastructure	9,394,407
Buildings	226,302
Improvements other than buildings	3,156,215
Machinery, equipment, and vehicles	<u>1,343,481</u>
Total Wastewater	<u>14,150,338</u>
Water:	
Land	40,871
Infrastructure	1,348,276
Buildings	1,503,244
Improvements other than buildings	993,606
Machinery, equipment, and vehicles	<u>886,137</u>
Total Water	<u>4,772,134</u>
Total capital assets	<u>\$ 23,529,167</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE TOWN OF ALBANY, DELAWARE COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the Town of Albany's (Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2018. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on the Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)


Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

June 11, 2019

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the Town. The schedule and notes are presented as intended by the Town.

TOWN OF ALBANY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2018

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Water and Waste Disposal Systems for Rural Communities Wastewater Utility Improvements	Direct Grant	10.760	92-09	\$ -	\$ 3,528,919
Total - Water and Waste Disposal Systems for Rural Communities				-	3,528,919
Total - Department of Agriculture				-	3,528,919
Total federal awards expended				\$ -	\$ 3,528,919

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF ALBANY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the Town under programs of the federal government for the year ended December 31, 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the Town, it is not intended to and does not present the financial position of the Town.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The Town has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

TOWN OF ALBANY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
10.760	Water and Waste Disposal Systems for Rural Communities	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2018-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior finding number was 2017-001.

Condition

The Town did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

TOWN OF ALBANY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The SEFA presented for audit understated the Water and Waste Disposal Systems for Rural Communities grant expenditures by \$404,928.

The audit adjustment was proposed, accepted by the Town, and made to the SEFA.

Criteria

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. . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

TOWN OF ALBANY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established a system of internal control that would have ensured the proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

Recommendation

We recommended that the Town's management establish controls to prevent, or detect and correct, errors on the SEFA.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the Town. The documents are presented as intended by the Town.

TOWN OF ALBANY
210 E. State Street, Albany, IN 47320
Phone: 765-789-6112 Fax: 765-789-6961

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-001

Fiscal year in which the finding initially occurred: 2017
Contact Person Responsible for Corrective Action: Marcie J Schlosser
Contact Phone Number: 765-760-3866

Status of Audit Finding:

The corrective action plan that was submitted for this finding at the end of the 2017 audit has been put in place. The Deputy Clerk was involved in entering the information into Gateway and both the Clerk-Treasurer and Deputy Clerk signed the submitted copy of year-end information entered into Gateway.

Marcie J. Schlosser

(Signature)

Clerk-Treasurer

(Title)

5/1/2019

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-002

Fiscal year in which the finding initially occurred: 2017
Contact Person Responsible for Corrective Action: Marcie J Schlosser
Contact Phone Number: 765-760-3866

Status of Audit Finding:

Item #1: The corrective action plan that was submitted for this finding at the end of the 2017 audit has been put in place. The council president reviews the monthly reconciliation statements and signs a cover sheet stating which account he reviewed and what day it was completed. He is also given a complete fund and appropriation report at the end of the year to review.

Item #2: The corrective action plan that was submitted for this finding at the end of the 2017 audit has been put in place. It will be something that is ongoing and suggestions and reminders will only be made when a question is raised or a new policy is adopted. The town council and department heads are ultimately responsible for making sure that the internal controls for their department are followed as they are involved in the day-to-day operations.



(Signature)

Clerk-Treasurer

(Title)

5/1/2019

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Marcie J Schlosser
Contact Phone Number: 765-789-6112

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The SEFA grant amount has been corrected.

Anticipated Completion Date: Completed on 6/6/2019



(Signature)

Clerk-Treasurer

(Title)

6/11/2019

OTHER REPORTS

In addition to this report, other reports may have been issued for the Town. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.