

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

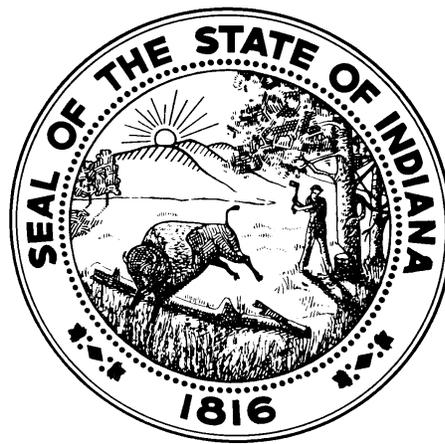
EXAMINATION REPORT

OF

TOWN OF ARGOS

MARSHALL COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
03/12/2008

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-------------------------------|-----------------------------------|--|
| Clerk-Treasurer | Pamela J. Bishop | 01-01-04 to 12-31-11 |
| President of the Town Council | Mark A. Umbaugh George A. Null | 01-01-06 to 12-31-06 01-01-07 to 12-31-08 |
| Superintendent of Utilities | John Archambeault | 01-01-06 to 12-31-08 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ARGOS, MARSHALL COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Argos (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 a required part 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

February 11, 2008

TOWN OF ARGOS
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 | \$ 262,060 | \$ 802,689 | \$ 727,345 | \$ 337,404 |
| Motor Vehicle Highway | 143,018 | 171,230 | 126,657 | 187,591 |
| Local Road and Street | 21,407 | 8,032 | - | 29,439 |
| Park and Recreation | 223,733 | 37,283 | 135,865 | 125,151 |
| Law Enforcement Continuing Education | 10,465 | 8,163 | 11,733 | 6,895 |
| Ambulance | 65,777 | 87,026 | 77,527 | 75,276 |
| Ambulance Donation | 14,669 | 4,723 | 3,289 | 16,103 |
| Cemetery | 100,965 | 28,839 | 16,110 | 113,694 |
| Housing Grant No.1 | 63,474 | 671 | 63,773 | 372 |
| Housing Grant No. 2 | 3,453 | - | - | 3,453 |
| Rainy Day | 24,439 | - | - | 24,439 |
| Levy Excess | 36,883 | 5,680 | 36,883 | 5,680 |
| Festival | 598 | - | 598 | - |
| Library | 39 | 4,800 | 4,230 | 609 |
| B & R Building | 35 | 2,550 | 2,398 | 187 |
| Insurance Claims | 2,175 | 5,659 | 5,644 | 2,190 |
| Fire Billings | 3,746 | 1,505 | - | 5,251 |
| Fire Grant | - | 4,922 | 4,922 | - |
| Debt Service | 20,957 | 20,723 | 41,680 | - |
| Cumulative Capital Improvement | 133,854 | 7,838 | - | 141,692 |
| Cumulative Capital Development | 42,566 | 60,497 | - | 103,063 |
| Storm Sewer Construction | 209,689 | 4,597 | 1,410 | 212,876 |
| Proprietary Funds: | | | | |
| Water Utility - Operating | 23,381 | 350,070 | 345,819 | 27,632 |
| Water Utility - Bond and Interest | 25,347 | 53,757 | 48,380 | 30,724 |
| Water Utility - Depreciation | 686 | 4,916 | 4,537 | 1,065 |
| Water Utility - Customer Deposit | 31,108 | 4,050 | 3,859 | 31,299 |
| Water Utility - Construction | 60,602 | 37,952 | 98,554 | - |
| Water Utility - Debt Service Reserve | 31,006 | 4,930 | - | 35,936 |
| Wastewater Utility - Operating | 28,722 | 362,217 | 338,055 | 52,884 |
| Wastewater Utility - Bond and Interest | 48,498 | 102,103 | 93,554 | 57,047 |
| Wastewater Utility - Depreciation | 1,253 | 7,780 | 9,032 | 1 |
| Wastewater Utility - Debt Service Reserve | 85,669 | 14,755 | - | 100,424 |
| Electric Utility - Operating | 502,271 | 2,053,452 | 1,925,565 | 630,158 |
| Electric Utility - Depreciation | 210,045 | 303,317 | - | 513,362 |
| Electric Utility - Customer Deposit | 23,205 | 8,914 | 8,379 | 23,740 |
| Electric Utility - Cash Reserve | 695,898 | 20,977 | 18,344 | 698,531 |
| Fiduciary Funds: | | | | |
| Cemetery Perpetual Care | 54,273 | 10,409 | 7,910 | 56,772 |
| Impressed Funds | 175 | - | - | 175 |
| Payroll | (286) | 215,090 | 215,656 | (852) |
| Totals | \$ 3,205,855 | \$ 4,822,116 | \$ 4,377,708 | \$ 3,650,263 |

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

TOWN OF ARGOS
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 | \$ 337,404 | \$ 642,402 | \$ 694,005 | \$ 285,801 |
| Motor Vehicle Highway | 187,591 | 166,108 | 141,101 | 212,598 |
| Local Road and Street | 29,439 | 7,425 | - | 36,864 |
| Park and Recreation | 125,151 | 97,705 | 133,418 | 89,438 |
| Law Enforcement Continuing Education | 6,895 | 6,910 | 5,378 | 8,427 |
| Ambulance | 75,276 | 82,217 | 84,816 | 72,677 |
| Ambulance Donation | 16,103 | 4,375 | 4,169 | 16,309 |
| Cemetery | 113,694 | 13,791 | 21,228 | 106,257 |
| Housing Grant No.1 | 372 | 3,739 | 12 | 4,099 |
| Housing Grant No. 2 | 3,453 | - | - | 3,453 |
| Rainy Day | 24,439 | 87,528 | - | 111,967 |
| Levy Excess | 5,680 | - | 5,680 | - |
| Park Concessions | - | 2,323 | 1,064 | 1,259 |
| Library | 609 | 4,800 | 4,864 | 545 |
| B & R Building | 187 | 2,250 | 2,188 | 249 |
| Insurance Claims | 2,190 | 13,397 | 13,589 | 1,998 |
| Fire Billings | 5,251 | 1,508 | - | 6,759 |
| Cumulative Capital Improvement | 141,692 | 13,676 | 12,610 | 142,758 |
| Cumulative Capital Development | 103,063 | 12,590 | - | 115,653 |
| Storm Sewer Construction | 212,876 | 14,267 | 17,908 | 209,235 |
| Proprietary Funds: | | | | |
| Water Utility - Operating | 27,632 | 419,792 | 400,746 | 46,678 |
| Water Utility - Bond and Interest | 30,724 | 50,775 | 48,905 | 32,594 |
| Water Utility - Depreciation | 1,065 | 40,000 | - | 41,065 |
| Water Utility - Customer Deposit | 31,299 | 3,895 | 3,535 | 31,659 |
| Water Utility - Debt Service Reserve | 35,936 | 3,825 | - | 39,761 |
| Wastewater Utility - Operating | 52,884 | 393,929 | 386,693 | 60,120 |
| Wastewater Utility - Bond and Interest | 57,047 | 96,200 | 92,967 | 60,280 |
| Wastewater Utility - Depreciation | 1 | 100,000 | - | 100,001 |
| Wastewater Utility - Debt Service Reserve | 100,424 | 2,004 | - | 102,428 |
| Electric Utility - Operating | 630,158 | 1,989,765 | 1,995,592 | 624,331 |
| Electric Utility - Depreciation | 513,362 | 412,023 | - | 925,385 |
| Electric Utility - Customer Deposit | 23,740 | 8,420 | 7,455 | 24,705 |
| Electric Utility - Cash Reserve | 698,531 | 109,976 | 134,824 | 673,683 |
| Fiduciary Funds: | | | | |
| Cemetery Perpetual Care | 56,772 | 11,566 | 15,815 | 52,523 |
| Impressed Funds | 175 | - | - | 175 |
| Payroll | (852) | 224,715 | 225,420 | (1,557) |
| Totals | <u>\$ 3,650,263</u> | <u>\$ 5,043,896</u> | <u>\$ 4,453,982</u> | <u>\$ 4,240,177</u> |

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

TOWN OF ARGOS
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, highways and streets, culture and recreation, public improvements, general administrative services, electric, water, wastewater, and urban redevelopment.

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. The Town received approximately 80% of the tax distribution which was due them in December, 2007 settlement. The remainder will be paid to them in 2008.

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 ARGOS
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plans

A. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in 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.

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The primary government contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

TOWN OF ARGOS
NOTES TO FINANCIAL INFORMATION
(Continued)

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

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the primary government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the Board of Trustees of PERF.

The Town has only police officers enrolled in this pension plan.

Note 7. Subsequent Events

In January 2002 the Town of Argos annexed certain areas on the north side of the town, which included a subdivision and installed utility services to the edge of this subdivision. In 2008, the Town will continue the extension of utility services throughout the subdivision itself.

TOWN OF ARGOS
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

As Of December 31, 2007

Primary Government

Governmental activities:

Capital assets, not being depreciated:

| | |
|-----------------------------------|------------------|
| Land | \$ 197,500 |
| Buildings | 656,907 |
| Improvements other than buildings | 307,681 |
| Machinery and equipment | <u>1,398,167</u> |

| | |
|---|---------------------|
| Total governmental activities, capital assets not being depreciated | <u>\$ 2,560,255</u> |
|---|---------------------|

Primary Government

Business-type activities:

Water Utility:

Capital assets, not being depreciated:

| | |
|-----------------------------------|----------------|
| Land | \$ 5,090 |
| Buildings | 724,506 |
| Improvements other than buildings | 2,425,718 |
| Machinery and equipment | <u>335,254</u> |

| | |
|------------------------------------|------------------|
| Total Water Utility capital assets | <u>3,490,568</u> |
|------------------------------------|------------------|

Wastewater Utility:

Capital assets, not being depreciated:

| | |
|-----------------------------------|----------------|
| Land | 44,685 |
| Buildings | 1,677,313 |
| Improvements other than buildings | 573,344 |
| Machinery and equipment | <u>351,072</u> |

| | |
|---|------------------|
| Total Wastewater Utility capital assets | <u>2,646,414</u> |
|---|------------------|

Electric Utility:

Capital assets, not being depreciated:

| | |
|-----------------------------------|----------------|
| Land | 34,605 |
| Buildings | 604,303 |
| Improvements other than buildings | 1,943,750 |
| Machinery and equipment | <u>703,947</u> |

| | |
|---------------------------------------|------------------|
| Total Electric Utility capital assets | <u>3,286,605</u> |
|---------------------------------------|------------------|

| | |
|---|---------------------|
| Total business-type activities capital assets | <u>\$ 9,423,587</u> |
|---|---------------------|

TOWN OF ARGOS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 As Of December 31, 2007

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year |
|--------------------------------------|--------------------------------|---|
| Governmental Activities: | | |
| Capital leases: | | |
| Vactor Truck | \$ 80,143 | \$ 15,864 |
| Total governmental activities debt | <u>\$ 80,143</u> | <u>\$ 15,864</u> |
| Business-type Activities: | | |
| Water Utility | | |
| Capital leases: | | |
| Vactor Truck | \$ 16,029 | \$ 3,173 |
| Loans: | | |
| Rural Development | 787,000 | 48,383 |
| Electric Utility | <u>715,500</u> | <u>79,500</u> |
| Total Water Utility | <u>1,518,529</u> | <u>131,056</u> |
| Wastewater Utility | | |
| Capital leases: | | |
| Vactor Truck | 48,086 | 9,518 |
| Revenue bonds: | | |
| SRF Loan of 2001 | <u>874,000</u> | <u>94,346</u> |
| Total Wastewater Utility | <u>922,086</u> | <u>103,864</u> |
| Electric Utility: | | |
| Capital leases: | | |
| Vactor Truck | <u>16,029</u> | <u>3,173</u> |
| Total Electric Utility | <u>16,029</u> | <u>3,173</u> |
| Total business-type activities debt: | <u>\$ 2,456,644</u> | <u>\$ 238,093</u> |

TOWN OF ARGOS
EXIT CONFERENCE

The contents of this report were discussed on February 11, 2008, with George A. Null, President of the Town Council; and Pamela J. Bishop, Clerk-Treasurer. Our examination disclosed no material items that warrant comment at this time.