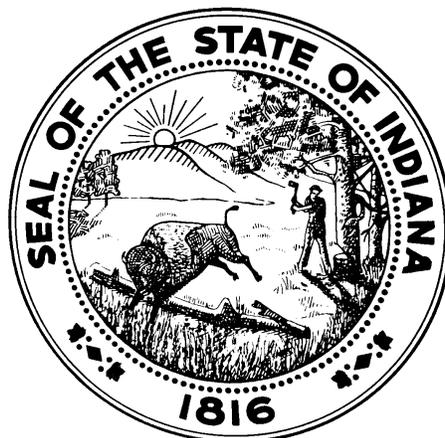


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
TOWN OF OSGOOD
RIPLEY COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
05/21/2008

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Tamara Wilhoit

01-01-05 to 12-31-08

President of the Town Council

Jeffery J. Volz

01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF OSGOOD, RIPLEY COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Osgood (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

April 3, 2008

TOWN OF OSGOOD
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	\$ 414,582	\$ 380,449	\$ 327,436	\$ 467,595
Motor Vehicle Highway	64,383	61,663	34,147	91,899
Local Road and Street	5,519	8,637	9,188	4,968
Economic Development	149,145	29,713	3,801	175,057
Law Enforcement Continuing Education	651	1,051	-	1,702
Riverboat	566,346	210,566	272,861	504,051
Rainy Day	40,410	-	-	40,410
Ripley County Substance Abuse	2,005	-	-	2,005
Osgood Development Foundation	350	-	-	350
Criminal Justice Institute CFDA 20.600	(39)	-	-	(39)
Reynolds Foundation Grant	440,766	96,494	454,097	83,163
Cumulative Capital Improvement	52,174	5,963	-	58,137
Cumulative Capital Development	43,145	16,535	11,510	48,170
County Economic Development Income Tax	193,362	30,923	158,870	65,415
CF-01-138	-	156,923	156,923	-
Rising Sun Regional Fund Grant 927	5,234	-	5,234	-
Proprietary Funds:				
Water Utility - Operating	388,221	717,449	683,205	422,465
Water Utility - Bond and Interest	131,434	86,193	98,545	119,082
Water Utility - Debt Service Reserve	166,617	5,470	-	172,087
Water Utility - Customer Deposit	22,145	2,875	2,835	22,185
Water Utility - Improvement	265,023	-	-	265,023
Wastewater Utility - Operating	178,967	503,724	467,023	215,668
Wastewater Utility - Bond and Interest	20,988	74,795	79,220	16,543
Wastewater Utility - Debt Service Reserve	23,026	320	-	23,346
Wastewater Utility - Improvement	1,645	-	-	1,645
Wastewater Utility - Construction	12,002	11,380	21,768	1,615
Gas Utility - Operating	508,417	1,265,443	1,252,921	520,940
Gas Utility - Depreciation	43,194	458	-	43,652
Gas Utility - Customer Deposit	38,089	6,300	4,587	39,802
Fiduciary Fund:				
Payroll	2,704	531,515	531,663	2,556
Totals	\$ 3,780,485	\$ 4,204,838	\$ 4,575,833	\$ 3,409,490
	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 467,595	\$ 264,862	\$ 335,203	\$ 397,254
Motor Vehicle Highway	91,899	60,758	54,658	98,000
Local Road and Street	4,968	8,685	9,979	3,674
Economic Development	175,057	6,978	714	181,321
Law Enforcement Continuing Education	1,702	609	24	2,287
Donations	-	4,371	4,371	-
Riverboat	504,051	172,159	149,748	526,462
Rainy Day	40,410	3,541	-	43,951
Ripley County Substance Abuse	2,005	1,910	2,000	1,915
Osgood Development Foundation	350	-	-	350
Criminal Justice Institute CFDA 20.600	(39)	-	-	(39)
Reynolds Foundation Grant	83,163	80,542	163,705	-
Cumulative Capital Improvement	58,137	5,862	-	63,999
Cumulative Capital Development	48,170	8,909	11,510	45,569
County Economic Development Income Tax	65,415	116,545	17,496	164,464
CF-06-237-1	-	280,116	280,116	-
Rising Sun Regional Fund Grant 1073	-	62,475	62,475	-
Proprietary Funds:				
Water Utility - Operating	422,465	687,844	721,563	388,746
Water Utility - Bond and Interest	119,082	107,628	103,844	122,867
Water Utility - Debt Service Reserve	172,087	8,122	-	180,210
Water Utility - Customer Deposit	22,185	3,225	3,333	22,077
Water Utility - Improvement	265,023	-	255,690	9,333
Wastewater Utility - Operating	215,668	478,599	498,899	195,369
Wastewater Utility - Bond and Interest	16,543	77,929	79,320	15,152
Wastewater Utility - Debt Service Reserve	23,346	1,100	-	24,447
Wastewater Utility - Improvement	1,645	-	-	1,645
Wastewater Utility - Construction	1,615	-	-	1,615
Gas Utility - Operating	520,940	1,125,537	1,074,682	571,795
Gas Utility - Depreciation	43,652	1,548	-	45,200
Gas Utility - Customer Deposit	39,802	12,365	6,960	45,207
Fiduciary Fund:				
Payroll	2,556	564,108	563,965	2,699
Totals	\$ 3,409,490	\$ 4,146,328	\$ 4,400,252	\$ 3,155,566

The accompanying notes are an integral part of the financial information

TOWN OF OSGOOD
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, highway and streets, sanitation, public improvements, gas, water, wastewater, urban redevelopment and housing, and general administrative 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 Indiana 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.

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 OSGOOD
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.

TOWN OF OSGOOD
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 (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 87,800
Infrastructure	2,933,046
Buildings	620,861
Machinery and equipment	<u>745,367</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 4,387,074</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 125,000
Infrastructure	553,756
Buildings	1,791,919
Machinery and equipment	<u>406,856</u>
Total Water Utility capital assets	<u>2,877,531</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	6,059.00
Infrastructure	1,663,727.00
Buildings	2,730,233
Machinery and equipment	<u>227,645</u>
Total Wastewater Utility capital assets	<u>4,627,664</u>
Gas Utility:	
Capital assets, not being depreciated:	
Construction in progress	608,617
Buildings	62,609
Machinery and equipment	<u>120,501</u>
Total Gas Utility capital assets	<u>791,727</u>
Total business-type activities capital assets	<u>\$ 12,683,996</u>

TOWN OF OSGOOD
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

Description of Debt	2007 Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Water Utility		
Revenue bonds:		
Waterworks	\$ 235,000	\$ 10,028
Total Water Utility	<u>235,000</u>	<u>10,028</u>
Wastewater Utility		
Revenue bonds:		
Sewage Works	<u>1,275,000</u>	<u>57,375</u>
Total Wastewater Utility	<u>1,275,000</u>	<u>57,375</u>
Total business-type activities debt:	<u>\$ 1,510,000</u>	<u>\$ 67,403</u>

TOWN OF OSGOOD
EXAMINATION RESULT AND COMMENT

PAYMENT OF UTILITY DEBT (Applies to Water and Wastewater Utilities)

In 2006 and 2007, withdrawals from the Water Utility's Bond and Interest bank account and Wastewater Utility's Sewer Sinking Fund bank account were made. According to the Clerk-Treasurer, all of the withdrawals were to make the required debt payments for the Water and Wastewater Utilities. These withdrawals were in the form of a bank cashiers' check. The Clerk-Treasurer stated that prescribed town checks can be written from these bank accounts; however, she never purchased the necessary checks for the bank accounts. Therefore, the Clerk-Treasurer would have the bank issue a bank cashiers' check payable to proper debtor of the utility.

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF OSGOOD
EXIT CONFERENCE

The contents of this report were discussed on April 3, 2008, with Tamara Wilhoit, Clerk Treasurer; and Linda Krinop, Town Council member. The officials concurred with our finding.