

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

EXAMINATION REPORT

OF

TOWN OF OSSIAN

WELLS COUNTY, INDIANA

January 1, 2007 to December 31, 2009



**FILED**

11/15/2010



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OFFICIALS

| <u>Office</u>                    | <u>Official</u>      | <u>Term</u>          |
|----------------------------------|----------------------|----------------------|
| Clerk-Treasurer                  | Mary K. Shafer       | 01-01-04 to 12-31-07 |
|                                  | Ruth Binkley Whatley | 01-01-08 to 04-14-08 |
|                                  | (Vacant)             | 04-15-08 to 05-31-08 |
|                                  | Mary K. Shafer       | 06-01-08 to 12-31-11 |
| President of the<br>Town Council | Brian K. Lang        | 01-01-07 to 12-31-07 |
|                                  | Richard R. Witte     | 01-01-08 to 12-31-09 |
|                                  | Angela L. Dial       | 01-01-10 to 12-31-10 |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF OSSIAN, WELLS COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Ossian (Town), for the period of January 1, 2007 to December 31, 2009. 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, 2007, 2008, and 2009, 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

August 24, 2010

TOWN OF OSSIAN  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2007

|   | Cash and<br>Investments<br>01-01-07 | Receipts            | Disbursements       | Cash and<br>Investments<br>12-31-07 |
|---|-------------------------------------|---------------------|---------------------|-------------------------------------|
| Governmental Funds:                             |                                     |                     |                     |                                     |
| General   | \$ 197,641                          | \$ 583,225          | \$ 539,512          | \$ 241,354                          |
| Motor Vehicle Highway                           | 225,010                             | 183,764             | 259,116             | 149,658                             |
| Local Road and Street                           | -                                   | 12,651              | 12,527              | 124                                 |
| Park and Recreation                             | 17,697                              | 63,488              | 49,884              | 31,301                              |
| Law Enforcement Continuing Education            | 6,778                               | 2,259               | 7,311               | 1,726                               |
| Riverboat                                       | 59,688                              | 20,688              | -                   | 80,376                              |
| Rainy Day                                       | 1,294                               | 17,205              | -                   | 18,499                              |
| New Park Pavilion                               | 2,557                               | -                   | -                   | 2,557                               |
| FEMA Ice  | -                                   | 4,888               | 4,888               | -                                   |
| Christmas Decorations                           | 900                                 | 300                 | 159                 | 1,041                               |
| Downtown Revitalization                         | 17,796                              | 34,591              | 13,570              | 38,817                              |
| CADA Grant                                      | 1,819                               | 1,936               | 2,056               | 1,699                               |
| Police Reserve                                  | 893                                 | -                   | -                   | 893                                 |
| Police Court Costs                              | 57,235                              | 2,037               | 5,593               | 53,679                              |
| Solid Waste                                     | 19,249                              | 124,041             | 132,326             | 10,964                              |
| Archbold Wilson Park                            | 1,682                               | -                   | -                   | 1,682                               |
| Bee Creek                                       | -                                   | 4,000               | 4,000               | -                                   |
| Levy Excess                                     | 2,538                               | -                   | 2,538               | -                                   |
| Cumulative Capital Improvement                  | 279                                 | 10,337              | 10,434              | 182                                 |
| Cumulative Capital Development                  | 134,367                             | 54,784              | 31,010              | 158,141                             |
| Economic Development Income Tax                 | 265,269                             | 70,698              | 18,712              | 317,255                             |
| Park Capital Equipment                          | 5,209                               | 304                 | 45                  | 5,468                               |
| Cumulative Building and Fire Fighting Equipment | 141,354                             | 26,943              | -                   | 168,297                             |
| Proprietary Funds:                              |                                     |                     |                     |                                     |
| Water Utility - Operating                       | 415,929                             | 1,463,659           | 1,593,070           | 286,518                             |
| Wastewater Utility - Operating                  | 219,544                             | 1,317,069           | 1,258,398           | 278,215                             |
| Wastewater Utility - Bond and Interest          | 409,321                             | 481,766             | 417,032             | 474,055                             |
| Wastewater Utility - Improvement                | 353,159                             | 8,140               | 199,276             | 162,023                             |
| Storm Water Utility - Operating                 | 83,318                              | 167,783             | 246,327             | 4,774                               |
| Fiduciary Fund:                                 |                                     |                     |                     |                                     |
| Payroll   | 370                                 | 568,803             | 564,888             | 4,285                               |
| Totals  | <u>\$ 2,640,896</u>                 | <u>\$ 5,225,359</u> | <u>\$ 5,372,672</u> | <u>\$ 2,493,583</u>                 |

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

TOWN OF OSSIAN  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2008

|   | Cash and<br>Investments<br>01-01-08 | Receipts            | Disbursements       | Cash and<br>Investments<br>12-31-08 |
|---|-------------------------------------|---------------------|---------------------|-------------------------------------|
| Governmental Funds:                             |                                     |                     |                     |                                     |
| General   | \$ 241,354                          | \$ 548,050          | \$ 597,598          | \$ 191,806                          |
| Motor Vehicle Highway                           | 149,658                             | 128,602             | 189,767             | 88,493                              |
| Local Road and Street                           | 124                                 | 12,002              | 12,000              | 126                                 |
| Park and Recreation                             | 31,301                              | 71,283              | 42,236              | 60,348                              |
| Law Enforcement Continuing Education            | 1,726                               | 4,067               | 4,025               | 1,768                               |
| Riverboat                                       | 80,376                              | 19,693              | -                   | 100,069                             |
| Rainy Day                                       | 18,499                              | 225                 | -                   | 18,724                              |
| New Park Pavilion                               | 2,557                               | -                   | 628                 | 1,929                               |
| Christmas Decorations                           | 1,041                               | 300                 | -                   | 1,341                               |
| Downtown Revitalization                         | 38,817                              | 28,840              | 7,187               | 60,470                              |
| CADA Grant                                      | 1,699                               | 1,903               | 1,892               | 1,710                               |
| Police Reserve                                  | 893                                 | -                   | -                   | 893                                 |
| Police Court Costs                              | 53,679                              | 697                 | -                   | 54,376                              |
| Solid Waste                                     | 10,964                              | 150,872             | 153,018             | 8,818                               |
| Archbold Wilson Park                            | 1,682                               | -                   | -                   | 1,682                               |
| LOIT Public Safety                              | -                                   | 15,021              | -                   | 15,021                              |
| Cumulative Capital Improvement                  | 182                                 | 9,571               | 9,752               | 1                                   |
| Cumulative Capital Development                  | 158,141                             | 49,351              | 37,836              | 169,656                             |
| Economic Development Income Tax                 | 317,255                             | 87,332              | 36,906              | 367,681                             |
| Park Capital Equipment                          | 5,468                               | 774                 | -                   | 6,242                               |
| Cumulative Building and Fire Fighting Equipment | 168,297                             | 154,684             | 321,498             | 1,483                               |
| Proprietary Funds:                              |                                     |                     |                     |                                     |
| Water Utility - Operating                       | 286,518                             | 1,828,644           | 1,595,698           | 519,464                             |
| Wastewater Utility - Operating                  | 278,215                             | 1,400,058           | 1,361,782           | 316,491                             |
| Wastewater Utility - Bond and Interest          | 474,055                             | 395,571             | 414,743             | 454,883                             |
| Wastewater Utility - Improvement                | 162,023                             | 32,939              | 95,337              | 99,625                              |
| Storm Water Utility - Operating                 | 4,774                               | 181,309             | 98,702              | 87,381                              |
| Storm Water Utility - Construction              | -                                   | 236,100             | 236,043             | 57                                  |
| Fiduciary Fund:                                 |                                     |                     |                     |                                     |
| Payroll   | 4,285                               | 617,290             | 620,891             | 684                                 |
| Totals  | <u>\$ 2,493,583</u>                 | <u>\$ 5,975,178</u> | <u>\$ 5,837,539</u> | <u>\$ 2,631,222</u>                 |

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

TOWN OF OSSIAN  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2009

|   | Cash and<br>Investments<br>01-01-09 | Receipts            | Disbursements       | Cash and<br>Investments<br>12-31-09 |
|---|-------------------------------------|---------------------|---------------------|-------------------------------------|
| Governmental Funds:                             |                                     |                     |                     |                                     |
| General   | \$ 191,806                          | \$ 550,401          | \$ 541,926          | \$ 200,281                          |
| Motor Vehicle Highway                           | 88,493                              | 179,616             | 129,135             | 138,974                             |
| Local Road and Street                           | 126                                 | 11,333              | -                   | 11,459                              |
| Park and Recreation                             | 60,348                              | 83,558              | 43,778              | 100,128                             |
| Law Enforcement Continuing Education            | 1,768                               | 4,195               | 1,048               | 4,915                               |
| Riverboat                                       | 100,069                             | 19,027              | -                   | 119,096                             |
| Rainy Day                                       | 18,724                              | 17,191              | -                   | 35,915                              |
| New Park Pavilion                               | 1,929                               | -                   | -                   | 1,929                               |
| Christmas Decorations                           | 1,341                               | -                   | 328                 | 1,013                               |
| Downtown Revitalization                         | 60,470                              | 88,723              | 42,693              | 106,500                             |
| CADA Grant                                      | 1,710                               | 4,622               | 5,186               | 1,146                               |
| Police Reserve                                  | 893                                 | -                   | 493                 | 400                                 |
| Police Court Costs                              | 54,376                              | 281                 | -                   | 54,657                              |
| Solid Waste                                     | 8,818                               | 159,500             | 166,415             | 1,903                               |
| Archbold Wilson Park                            | 1,682                               | -                   | -                   | 1,682                               |
| LOIT Public Safety                              | 15,021                              | 17,308              | 7,500               | 24,829                              |
| Cumulative Capital Improvement                  | 1                                   | 9,024               | 8,840               | 185                                 |
| Cumulative Capital Development                  | 169,656                             | 49,863              | 4,056               | 215,463                             |
| Economic Development Income Tax                 | 367,681                             | 101,700             | 120,866             | 348,515                             |
| Park Capital Equipment                          | 6,242                               | 509                 | 2,458               | 4,293                               |
| Cumulative Building and Fire Fighting Equipment | 1,483                               | 20,968              | -                   | 22,451                              |
| Proprietary Funds:                              |                                     |                     |                     |                                     |
| Water Utility - Operating                       | 519,464                             | 1,588,634           | 1,710,718           | 397,380                             |
| Wastewater Utility - Operating                  | 316,491                             | 1,290,928           | 1,386,214           | 221,205                             |
| Wastewater Utility - Bond and Interest          | 454,883                             | 470,079             | 422,972             | 501,990                             |
| Wastewater Utility - Improvement                | 99,625                              | 42,437              | 132,914             | 9,148                               |
| Storm Water Utility - Operating                 | 87,381                              | 169,603             | 172,713             | 84,271                              |
| Storm Water Utility - Construction              | 57                                  | 224,173             | 223,101             | 1,129                               |
| Fiduciary Fund:                                 |                                     |                     |                     |                                     |
| Payroll   | 684                                 | 597,965             | 597,729             | 920                                 |
| Totals  | <u>\$ 2,631,222</u>                 | <u>\$ 5,701,638</u> | <u>\$ 5,721,083</u> | <u>\$ 2,611,777</u>                 |

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

TOWN OF OSSIAN  
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, planning and zoning, general administrative services, water, wastewater, and stormwater.

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.

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 OSSIAN  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Interfund Loan

On December 8, 2008, the Town Council approved a \$381,000 interfund loan from the Wastewater Utility to the Storm Water Utility to fund the Melching Storm Water project. Transfers of \$190,500 were made from both the Wastewater Operating and Wastewater Improvement Funds. The loan is to be repaid at a 2% interest rate by monthly payments over five years.

Note 8. Subsequent Events

Ossian Streetscape Project

The Town of Ossian, through the Ossian Economic Revitalization Board, has developed a downtown enhancement project. The total project costs are estimated to be \$1,010,000. Funding for this project will be from local funds, fundraising efforts, and a \$500,000 Community Focus Fund (CFF) Grant. As of August 4, 2010, \$858,452 has been expended on this project.

TOWN OF OSSIAN  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Water System Improvements Project

The total costs for the Water System Improvements Project are estimated to be \$3,290,000. The project will be financed through a USDA Rural Development Loan (Revenue Bonds of 2010). As of August 4, 2010, \$1,161,050 has been expended.

TOWN OF OSSIAN  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2009

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

General infrastructure assets completed in the current and prior years have been reported. Retroactive reporting of general infrastructure assets is not required.

| <u>Primary Government</u>   | <u>Ending<br/>Balance</u> |
|---|---------------------------|
| Governmental activities:  |                           |
| Capital assets, not being depreciated:                              |                           |
| Land  | \$ 99,000                 |
| Infrastructure  | 104,262                   |
| Buildings   | 286,738                   |
| Improvements other than buildings                                   | 147,591                   |
| Machinery and equipment   | 954,239                   |
| Construction in progress  | <u>155,800</u>            |
| Total governmental activities, capital assets not being depreciated | <u>\$ 1,747,630</u>       |
| Business-type activities:   |                           |
| Water Utility:  |                           |
| Capital assets, not being depreciated:                              |                           |
| Land  | \$ 85,153                 |
| Buildings   | 28,487                    |
| Improvements other than buildings                                   | 1,260,119                 |
| Machinery and equipment   | 184,333                   |
| Construction in progress  | <u>334,838</u>            |
| Total Water Utility capital assets                                  | <u>1,892,930</u>          |
| Wastewater Utility:   |                           |
| Capital assets, not being depreciated:                              |                           |
| Land  | 17,366                    |
| Buildings   | 6,500                     |
| Improvements other than buildings                                   | 6,486,977                 |
| Machinery and equipment   | <u>187,400</u>            |
| Total Wastewater Utility capital assets                             | <u>6,698,243</u>          |
| Storm Water Utility:  |                           |
| Capital assets, not being depreciated:                              |                           |
| Improvements other than buildings                                   | 2,768,132                 |
| Machinery and equipment   | <u>47,500</u>             |
| Total Storm Water Utility capital assets                            | <u>2,815,632</u>          |
| Total business-type activities capital assets                       | <u>\$ 11,406,805</u>      |

TOWN OF OSSIAN  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2009

| Description of Debt                | Ending<br>Principal<br>Balance | Principal and<br>Interest Due<br>Within One<br>Year |
|------------------------------------|--------------------------------|---|
| Business-type activities:          |                                |   |
| Wastewater Utility:                |                                |   |
| Notes and loans payable:           |                                |   |
| State revolving loan               | \$ 1,683,000                   | \$ 185,803  |
| Revenue bonds:                     |                                |   |
| Sewage works revenue bonds of 2005 | <u>3,440,000</u>               | <u>229,389</u>                                      |
| Total Wastewater Utility           | <u>\$ 5,123,000</u>            | <u>\$ 415,192</u>                                   |

TOWN OF OSSIAN  
EXAMINATION RESULT AND COMMENT

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties of \$1,258 were paid to the Internal Revenue Service on September 1, 2008, for late payment of taxes due for the quarter ending March 31, 2008.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF OSSIAN  
EXIT CONFERENCE

The contents of this report were discussed on August 24, 2010, with Mary K. Shafer, Clerk-Treasurer. The official concurred with our finding.

The contents of this report were discussed on August 24, 2010, with Ruth Binkley Whatley, former Clerk-Treasurer.