

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

AUDIT REPORT

OF

TOWN OF ODON

DAVISS COUNTY, INDIANA

January 1, 2009 to December 31, 2010



FILED
06/14/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Opal McDannald	01-01-08 to 12-31-11
President of the Town Council	Keith Bechtel Tommy Noble III Keith Bechtel	01-01-09 to 12-31-09 01-01-10 to 07-31-10 08-01-10 to 12-31-11
Superintendent of Water Utility	James Huff Jeremy Wesner (Interim)	01-01-09 to 12-31-10 01-01-11 to 03-31-11
Superintendent of Wastewater Utility	Jeremy Wesner	01-01-09 to -3-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE TOWN OF ODON, DAVIESS COUNTY, INDIANA

We have audited the accompanying financial statements of the Town of Odon (Town), for the years ended December 31, 2009 and 2010. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (Indiana Code 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 noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated May 10, 2011, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statements. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, the town council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 10, 2011



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF ODON, DAVIESS COUNTY, INDIANA

We have audited the financial statements of the Town of Odon (Town), for the years ended December 31, 2009 and 2010, and have issued our report thereon dated May 10, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2010-01 to be material weaknesses.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Town's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, the town council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 10, 2011

FINANCIAL STATEMENT(S)

TOWN OF ODON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 101,158	\$ 210,914	\$ 206,057	\$ 106,015
Cash Change	35	-	-	35
Odon Wellness Program	413	-	5	408
Odon Street Light	-	3,944	-	3,944
Motor Vehicle Highway	62,053	43,546	41,784	63,815
Local Road And Street	5,496	5,388	7,000	3,884
Park Nonreverting Operating	21,912	11,072	29,429	3,555
Law Enforcement Continuing Ed	11,768	3,088	296	14,560
Riverboat	14,183	8,611	10,875	11,919
Firefighting	25,129	-	-	25,129
Community Building/Center	57,674	464,982	520,209	2,447
Fire Prevention	40,653	15,282	12,962	42,973
Rainy Day	5,293	3,526	4,879	3,940
Cumulative Capital Development	40,287	9,148	7,078	42,357
Co Economic Development Income Tax	8,617	18,670	16,155	11,132
Cumulative Capital Improvement	3,030	4,219	3,040	4,209
Park And Recreation Improvements	26,109	22,741	34,815	14,035
Payroll	2,608	-	-	2,608
Perf	1,686	7,428	7,269	1,845
Payroll Withholding-Federal	(19)	22,028	20,507	1,502
Payroll Withholding-State	(662)	12,992	12,980	(650)
Payroll Withholding-Oasi	374	19,990	18,480	1,884
Payroll Withholding-Insurance	923	7	-	930
Net Payroll	979	196,650	201,342	(3,713)
Payroll Withholding-Garnishment	-	620	520	100
Pepsco	178	1,607	1,607	178
Life Insurance	1	-	-	1
Aflac	(2)	444	444	(2)
Tax Autodrafts	(3,172)	66,701	65,041	(1,512)
Wastewater Utility-Operating	120,808	264,261	229,969	155,100
Wastewater Util-Bond And Interest	40,025	275	-	40,300
Wastewater Utility-Deprec/Improve	14,137	-	-	14,137
Sewage Money Fund	101,019	1,646	220	102,445
Wastewater Utility-Debt Reserve	68,219	-	-	68,219
Water Utility-Operating	166,303	328,712	348,376	146,639
Water Utility-Bond And Interest	63,582	78,874	77,051	65,405
Water Utility-Depreciation/Improve	38,131	-	-	38,131
Water Utility-Customer Deposit	8,550	3,800	2,882	9,468
Water Reserve Savings	20,265	5,105	-	25,370
Water Utility-Debt Reserve	56,346	-	-	56,346
Water Money Fund	193,739	3,376	-	197,115
	<u>\$ 1,317,828</u>	<u>\$ 1,839,647</u>	<u>\$ 1,881,272</u>	<u>\$ 1,276,203</u>

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

TOWN OF ODON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 106,015	\$ 233,665	\$ 219,953	\$ 119,727
Cash Fund	35	-	-	35
Mvh	63,815	746,984	756,806	53,993
L.Rds.& St	3,884	12,104	4,357	11,631
Park Fund	14,035	15,148	23,693	5,490
Odon Wellness	408	-	408	-
Cef Fund	14,560	3,120	1,957	15,723
Riverboat Fund	11,919	8,612	3,809	16,722
Fire Protection	68,102	7,731	26,504	49,329
Park Community Building	2,447	88,758	65,525	25,680
Rainy Day Fund	3,940	4,754	7,295	1,399
Levy Excess	-	502	-	502
Odon Housing	-	114,880	112,880	2,000
Ccd	42,357	8,942	24,825	26,474
Park Nonreverting Fund	3,555	2,976	5,609	922
Edit Tax	11,132	15,872	4,383	22,621
Odon Street Light Fund	3,944	4,526	6,329	2,141
Cci	4,209	4,029	2,192	6,046
Payroll Fund	2,608	-	-	2,608
Payroll Pebsco	178	1,751	1,717	212
Payroll Perf	1,845	7,415	7,642	1,618
Payroll Federal Withholdings	1,502	18,397	18,392	1,507
Payroll State & County	(650)	13,244	13,199	(605)
Payroll Health Ins	930	-	7	923
Payroll Fica/Med	1,884	20,088	20,088	1,884
Payroll Daviess County Clerk	100	2,655	2,855	(100)
Net Payroll	(3,713)	199,062	199,061	(3,712)
Payroll Life Insurance	1	7	-	8
Payroll Aflac	(2)	427	478	(53)
Payroll Tax Autodraft	(1,512)	58,797	58,672	(1,387)
Sewage Operating	340,121	279,528	230,481	389,168
Sewage Bond & Interest	40,300	211	-	40,511
Water Operating	438,011	373,517	382,654	428,874
Water Bond & Interest	65,405	78,651	77,171	66,885
Water Deposits	9,468	4,886	3,021	11,333
Water Reserve Savings	25,370	2,974	-	28,344
	<u>\$ 1,276,203</u>	<u>\$ 2,334,213</u>	<u>\$ 2,281,963</u>	<u>\$ 1,328,453</u>

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

TOWN OF ODON
NOTES TO FINANCIAL STATEMENT(S)

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(s) present(s) the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the 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. Receipts are recorded when received and disbursements are recorded when paid.

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 statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers 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 which include 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: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF ODON
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution 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 which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine 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 which include receipts derived 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 which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are 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 statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows 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 which include 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 office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include 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.

TOWN OF ODON
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are 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, transfer money 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 money 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 money 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 March 1 (lien date) 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 ODON
NOTES TO FINANCIAL STATEMENT(S)
(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, 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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan(s)

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 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.

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

TOWN OF ODON
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Funding Policy and Annual Pension Cost

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town of Odon's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

TOWN OF ODON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	General	Cash Change	Odon Wellness Program	Odon Street Light	Motor Vehicle Highway	Local Road And Street
Cash and investments - beginning	\$ 101,158	\$ 35	\$ 413	\$ -	\$ 62,053	\$ 5,496
Receipts:						
Taxes	136,158	-	-	-	-	-
Licenses and permits	1,220	-	-	-	-	-
Intergovernmental	60,921	-	-	-	43,546	5,388
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	12,615	-	-	3,944	-	-
Total receipts	<u>210,914</u>	<u>-</u>	<u>-</u>	<u>3,944</u>	<u>43,546</u>	<u>5,388</u>
Disbursements:						
Personal services	121,756	-	-	-	15,322	-
Supplies	3,539	-	-	-	11,396	-
Other services and charges	71,546	-	-	-	13,751	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	6,048	-	5	-	1,315	7,000
Utility operating expenses	-	-	-	-	-	-
Other disbursements	3,168	-	-	-	-	-
Total disbursements	<u>206,057</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>41,784</u>	<u>7,000</u>
Excess (deficiency) of receipts over disbursements	<u>4,857</u>	<u>-</u>	<u>(5)</u>	<u>3,944</u>	<u>1,762</u>	<u>(1,612)</u>
Cash and investments - ending	<u>\$ 106,015</u>	<u>\$ 35</u>	<u>\$ 408</u>	<u>\$ 3,944</u>	<u>\$ 63,815</u>	<u>\$ 3,884</u>

TOWN OF ODON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Park Nonreverting Operating	Law Enforcement Continuing Ed	Riverboat	Firefighting	Community Building/Center	Fire Prevention
Cash and investments - beginning	\$ 21,912	\$ 11,768	\$ 14,183	\$ 25,129	\$ 57,674	\$ 40,653
Receipts:						
Taxes	-	-	-	-	-	12,467
Licenses and permits	-	1,555	-	-	-	-
Intergovernmental	-	-	8,611	-	429,793	1,332
Charges for services	11,072	6	-	-	-	-
Fines and forfeits	-	1,527	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	35,189	1,483
Total receipts	<u>11,072</u>	<u>3,088</u>	<u>8,611</u>	<u>-</u>	<u>464,982</u>	<u>15,282</u>
Disbursements:						
Personal services	-	-	-	-	-	5,520
Supplies	-	-	-	-	-	358
Other services and charges	-	296	-	-	-	4,818
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	29,429	-	10,875	-	520,209	2,266
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>29,429</u>	<u>296</u>	<u>10,875</u>	<u>-</u>	<u>520,209</u>	<u>12,962</u>
Excess (deficiency) of receipts over disbursements	<u>(18,357)</u>	<u>2,792</u>	<u>(2,264)</u>	<u>-</u>	<u>(55,227)</u>	<u>2,320</u>
Cash and investments - ending	<u>\$ 3,555</u>	<u>\$ 14,560</u>	<u>\$ 11,919</u>	<u>\$ 25,129</u>	<u>\$ 2,447</u>	<u>\$ 42,973</u>

TOWN OF ODON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Rainy Day	Cumulative Capital Development	Co Economic Development Income Tax	Cumulative Capital Improvement	Park And Recreation Improvements	Payroll
Cash and investments - beginning	\$ 5,293	\$ 40,287	\$ 8,617	\$ 3,030	\$ 26,109	\$ 2,608
Receipts:						
Taxes	-	8,462	-	-	20,796	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	686	18,670	4,219	1,687	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	3,526	-	-	-	258	-
Total receipts	<u>3,526</u>	<u>9,148</u>	<u>18,670</u>	<u>4,219</u>	<u>22,741</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	9,810	-
Supplies	-	-	-	-	1,139	-
Other services and charges	-	-	-	-	14,149	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	4,879	7,078	16,155	3,040	9,717	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>4,879</u>	<u>7,078</u>	<u>16,155</u>	<u>3,040</u>	<u>34,815</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,353)</u>	<u>2,070</u>	<u>2,515</u>	<u>1,179</u>	<u>(12,074)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,940</u>	<u>\$ 42,357</u>	<u>\$ 11,132</u>	<u>\$ 4,209</u>	<u>\$ 14,035</u>	<u>\$ 2,608</u>

TOWN OF ODON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Perf	Payroll Withholding-Federal	Payroll Withholding-State	Payroll Withholding-Oasi	Payroll Withholding-Insurance	Net Payroll
Cash and investments - beginning	\$ 1,686	\$ (19)	\$ (662)	\$ 374	\$ 923	\$ 979
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	7,428	22,028	12,992	19,990	7	196,650
Total receipts	7,428	22,028	12,992	19,990	7	196,650
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	7,269	20,507	12,980	18,480	-	201,342
Total disbursements	7,269	20,507	12,980	18,480	-	201,342
Excess (deficiency) of receipts over disbursements	159	1,521	12	1,510	7	(4,692)
Cash and investments - ending	\$ 1,845	\$ 1,502	\$ (650)	\$ 1,884	\$ 930	\$ (3,713)

TOWN OF ODON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Payroll Withholding-Garnishment	Pebasco	Life Insurance	Aflac	Tax Autodrafts	Wastewater Utility-Operating
Cash and investments - beginning	\$ -	\$ 178	\$ 1	\$ (2)	\$ (3,172)	\$ 120,808
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	262,518
Other receipts	620	1,607	-	444	66,701	1,743
Total receipts	620	1,607	-	444	66,701	264,261
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	2,095
Utility operating expenses	-	-	-	-	-	185,799
Other disbursements	520	1,607	-	444	65,041	42,075
Total disbursements	520	1,607	-	444	65,041	229,969
Excess (deficiency) of receipts over disbursements	100	-	-	-	1,660	34,292
Cash and investments - ending	\$ 100	\$ 178	\$ 1	\$ (2)	\$ (1,512)	\$ 155,100

TOWN OF ODON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Wastewater Util-Bond And Interest	Wastewater Utility-Deprec/Improve	Sewage Money Fund	Wastewater Utility-Debt Reserve	Water Utility-Operating	Water Utility-Bond And Interest
Cash and investments - beginning	\$ 40,025	\$ 14,137	\$ 101,019	\$ 68,219	\$ 166,303	\$ 63,582
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	248,184	78,239
Other receipts	275	-	1,646	-	80,528	635
Total receipts	<u>275</u>	<u>-</u>	<u>1,646</u>	<u>-</u>	<u>328,712</u>	<u>78,874</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	34,051
Capital outlay	-	-	-	-	5,386	-
Utility operating expenses	-	-	220	-	159,855	-
Other disbursements	-	-	-	-	183,135	43,000
Total disbursements	<u>-</u>	<u>-</u>	<u>220</u>	<u>-</u>	<u>348,376</u>	<u>77,051</u>
Excess (deficiency) of receipts over disbursements	<u>275</u>	<u>-</u>	<u>1,426</u>	<u>-</u>	<u>(19,664)</u>	<u>1,823</u>
Cash and investments - ending	<u>\$ 40,300</u>	<u>\$ 14,137</u>	<u>\$ 102,445</u>	<u>\$ 68,219</u>	<u>\$ 146,639</u>	<u>\$ 65,405</u>

TOWN OF ODON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Water Utility-Depreciation/Improve	Water Utility-Customer Deposit	Water Reserve Savings	Water Utility-Debt Reserve	Water Money Fund	Totals
Cash and investments - beginning	\$ 38,131	\$ 8,550	\$ 20,265	\$ 56,346	\$ 193,739	\$ 1,317,828
Receipts:						
Taxes	-	-	-	-	-	177,883
Licenses and permits	-	-	-	-	-	2,775
Intergovernmental	-	-	-	-	-	574,853
Charges for services	-	-	-	-	-	11,078
Fines and forfeits	-	-	-	-	-	1,527
Utility fees	-	-	5,105	-	3,376	597,422
Other receipts	-	3,800	-	-	-	474,109
Total receipts	-	3,800	5,105	-	3,376	1,839,647
Disbursements:						
Personal services	-	-	-	-	-	152,408
Supplies	-	-	-	-	-	16,432
Other services and charges	-	-	-	-	-	104,560
Debt service - principal and interest	-	2,882	-	-	-	36,933
Capital outlay	-	-	-	-	-	625,497
Utility operating expenses	-	-	-	-	-	345,874
Other disbursements	-	-	-	-	-	599,568
Total disbursements	-	2,882	-	-	-	1,881,272
Excess (deficiency) of receipts over disbursements	-	918	5,105	-	3,376	(41,625)
Cash and investments - ending	\$ 38,131	\$ 9,468	\$ 25,370	\$ 56,346	\$ 197,115	\$ 1,276,203

TOWN OF ODON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General Fund	Cash Fund	Mvh	L.Rds.& St	Park Fund	Odon Wellness	Cef Fund
Cash and investments - beginning	\$ 106,015	\$ 35	\$ 63,815	\$ 3,884	\$ 14,035	\$ 408	\$ 14,560
Receipts:							
Taxes	156,386	-	8,790	-	12,281	-	-
Licenses and permits	-	-	-	-	-	-	715
Intergovernmental	66,947	-	736,448	12,104	1,091	-	-
Charges for services	305	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	2,355
Utility fees	-	-	-	-	-	-	-
Other receipts	10,027	-	1,746	-	1,776	-	50
Total receipts	<u>233,665</u>	<u>-</u>	<u>746,984</u>	<u>12,104</u>	<u>15,148</u>	<u>-</u>	<u>3,120</u>
Disbursements:							
Personal services	118,139	-	14,369	-	9,993	-	-
Supplies	3,387	-	19,242	-	1,713	-	-
Other services and charges	82,974	-	14,508	-	10,449	-	1,957
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	13,079	-	707,217	4,357	1,538	408	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,374	-	1,470	-	-	-	-
Total disbursements	<u>219,953</u>	<u>-</u>	<u>756,806</u>	<u>4,357</u>	<u>23,693</u>	<u>408</u>	<u>1,957</u>
Excess (deficiency) of receipts over disbursements	<u>13,712</u>	<u>-</u>	<u>(9,822)</u>	<u>7,747</u>	<u>(8,545)</u>	<u>(408)</u>	<u>1,163</u>
Cash and investments - ending	<u>\$ 119,727</u>	<u>\$ 35</u>	<u>\$ 53,993</u>	<u>\$ 11,631</u>	<u>\$ 5,490</u>	<u>\$ -</u>	<u>\$ 15,723</u>

TOWN OF ODON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Riverboat Fund	Fire Protection	Park Community Building	Rainy Day Fund	Levy Excess	Odon Housing
Cash and investments - beginning	\$ 11,919	\$ 68,102	\$ 2,447	\$ 3,940	\$ -	\$ -
Receipts:						
Taxes	-	7,249	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	180	-	-	502	114,880
Charges for services	-	-	88,758	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	8,612	302	-	4,754	-	-
Total receipts	<u>8,612</u>	<u>7,731</u>	<u>88,758</u>	<u>4,754</u>	<u>502</u>	<u>114,880</u>
Disbursements:						
Personal services	-	4,620	-	-	-	-
Supplies	-	476	-	-	-	-
Other services and charges	-	5,108	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	3,809	16,300	65,525	7,295	-	112,880
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>3,809</u>	<u>26,504</u>	<u>65,525</u>	<u>7,295</u>	<u>-</u>	<u>112,880</u>
Excess (deficiency) of receipts over disbursements	<u>4,803</u>	<u>(18,773)</u>	<u>23,233</u>	<u>(2,541)</u>	<u>502</u>	<u>2,000</u>
Cash and investments - ending	<u>\$ 16,722</u>	<u>\$ 49,329</u>	<u>\$ 25,680</u>	<u>\$ 1,399</u>	<u>\$ 502</u>	<u>\$ 2,000</u>

TOWN OF ODON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Ccd	Park Nonreverting Fund	Edit Tax	Odon Street Light Fund	Cci	Payroll Fund
Cash and investments - beginning	\$ 42,357	\$ 3,555	\$ 11,132	\$ 3,944	\$ 4,209	\$ 2,608
Receipts:						
Taxes	8,726	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	216	-	15,872	-	4,029	-
Charges for services	-	2,846	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	130	-	4,526	-	-
Total receipts	<u>8,942</u>	<u>2,976</u>	<u>15,872</u>	<u>4,526</u>	<u>4,029</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	24,825	5,609	4,383	6,329	2,192	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>24,825</u>	<u>5,609</u>	<u>4,383</u>	<u>6,329</u>	<u>2,192</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(15,883)</u>	<u>(2,633)</u>	<u>11,489</u>	<u>(1,803)</u>	<u>1,837</u>	<u>-</u>
Cash and investments - ending	<u>\$ 26,474</u>	<u>\$ 922</u>	<u>\$ 22,621</u>	<u>\$ 2,141</u>	<u>\$ 6,046</u>	<u>\$ 2,608</u>

TOWN OF ODON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll Pebsco	Payroll Perf	Payroll Federal Withholdings	Payroll State & County	Payroll Health Ins	Payroll Fica/Med
Cash and investments - beginning	\$ 178	\$ 1,845	\$ 1,502	\$ (650)	\$ 930	\$ 1,884
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,751	7,415	18,397	13,244	-	20,088
Total receipts	1,751	7,415	18,397	13,244	-	20,088
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	1,717	7,642	18,392	13,199	7	20,088
Total disbursements	1,717	7,642	18,392	13,199	7	20,088
Excess (deficiency) of receipts over disbursements	34	(227)	5	45	(7)	-
Cash and investments - ending	\$ 212	\$ 1,618	\$ 1,507	\$ (605)	\$ 923	\$ 1,884

TOWN OF ODON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll Davieess County Clerk	Net Payroll	Payroll Life Insurance	Payroll Aflac	Payroll Tax Autodraft	Sewage Operating
Cash and investments - beginning	\$ 100	\$ (3,713)	\$ 1	\$ (2)	\$ (1,512)	\$ 340,121
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	231,691
Other receipts	2,655	199,062	7	427	58,797	47,837
Total receipts	<u>2,655</u>	<u>199,062</u>	<u>7</u>	<u>427</u>	<u>58,797</u>	<u>279,528</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	230,474
Other disbursements	2,855	199,061	-	478	58,672	7
Total disbursements	<u>2,855</u>	<u>199,061</u>	<u>-</u>	<u>478</u>	<u>58,672</u>	<u>230,481</u>
Excess (deficiency) of receipts over disbursements	<u>(200)</u>	<u>1</u>	<u>7</u>	<u>(51)</u>	<u>125</u>	<u>49,047</u>
Cash and investments - ending	<u>\$ (100)</u>	<u>\$ (3,712)</u>	<u>\$ 8</u>	<u>\$ (53)</u>	<u>\$ (1,387)</u>	<u>\$ 389,168</u>

TOWN OF ODON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Sewage Bond & Interest	Water Operating	Water Bond & Interest	Water Deposits	Water Reserve Savings	Totals
Cash and investments - beginning	\$ 40,300	\$ 438,011	\$ 65,405	\$ 9,468	\$ 25,370	\$ 1,276,203
Receipts:						
Taxes	-	-	-	-	-	193,432
Licenses and permits	-	-	-	-	-	715
Intergovernmental	-	-	-	-	-	952,269
Charges for services	-	-	-	-	-	91,909
Fines and forfeits	-	-	-	-	-	2,355
Utility fees	-	268,960	-	-	-	500,651
Other receipts	211	104,557	78,651	4,886	2,974	592,882
Total receipts	211	373,517	78,651	4,886	2,974	2,334,213
Disbursements:						
Personal services	-	-	-	-	-	147,121
Supplies	-	-	-	-	-	24,818
Other services and charges	-	-	-	-	-	114,996
Debt service - principal and interest	-	-	32,171	3,021	-	35,192
Capital outlay	-	-	-	-	-	975,746
Utility operating expenses	-	301,502	-	-	-	531,976
Other disbursements	-	81,152	45,000	-	-	452,114
Total disbursements	-	382,654	77,171	3,021	-	2,281,963
Excess (deficiency) of receipts over disbursements	211	(9,137)	1,480	1,865	2,974	52,250
Cash and investments - ending	\$ 40,511	\$ 428,874	\$ 66,885	\$ 11,333	\$ 28,344	\$ 1,328,453

TOWN OF ODON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 25,775
Buildings	585,026
Improvements other than buildings	968,294
Machinery and equipment	<u>621,504</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 2,200,599</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 33,600
Improvements other than buildings	1,477,148
Machinery and equipment	<u>239,319</u>
Total Water Utility capital assets	<u>1,750,067</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	14,800
Buildings	1,833,215
Machinery and equipment	<u>160,549</u>
Total Wastewater Utility capital assets	<u>2,008,564</u>
Total business-type activities capital assets	<u>\$ 3,758,631</u>

TOWN OF ODON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Loan payable:		
Water Utility Improvements	\$ 388,568	\$ 34,338
Revenue bonds:		
Water Revenue Bonds of 1981	<u>280,000</u>	<u>40,850</u>
Total business-type activities	<u>\$ 668,568</u>	<u>\$ 75,188</u>

TOWN OF ODON
AUDIT RESULT(S) AND COMMENT(S)

COMPENSATION AND BENEFITS

Reserve Officers, Haseman, Miller, and Keith received \$148, \$568, and \$476, respectively, in payments for 2010 which were not included in the payroll system or on the salary ordinance or resolution.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, and resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

INTERNAL CONTROLS

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient. Due to the unit size, the Town has one person who is responsible for the reconciling of bank records to the Town ledger, receipting, claims and payroll processing.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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 AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF ODON, DAVIESS COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Odon (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2009 and 2010. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2009 and 2010.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance 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, 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 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.

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Town's management, the Town Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 10, 2011

TOWN OF ODOM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-09	Total Federal Awards Expended 12-31-10
<u>US Department of Housing and Urban Development</u>				
Pass-through Indiana Housing and Community Development Authority				
Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	14.228			
Homeowner Repair & Improvement		HD-009-008	\$ -	\$ 112,650
Community Building		CF-08-121	<u>430,082</u>	<u>50,718</u>
Total for federal grantor agency			<u>430,082</u>	<u>163,368</u>
<u>US Office of Community Planning and Development</u>				
Pass-through Indiana Housing and Community Development Authority				
Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	14.228			
Storm Drain		DR2-09-020	<u>-</u>	<u>704,473</u>
Total federal awards expended			<u>\$ 430,082</u>	<u>\$ 867,841</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF ODON
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. *Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Odon (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF ODOM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement(s):

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

_____ Name of Federal Program or Cluster _____
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
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TOWN OF ODON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

**FINDING 2010-01 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTION
AND REPORTING – MATERIAL WEAKNESSES**

We noted a deficiency in the internal control system of the Town related to the procedure of reconciling the bank to the Town ledger that was considered to be a material weakness. The Clerk-Treasurer is responsible for reconciling the bank accounts to the Town's records each month. She also has the responsibility to write checks and post transactions to the ledger. There is no approval or oversight of the bank reconciliation once it is completed. The lack of oversight and approval of the bank reconciliation could allow misstatements to be undetected.

We recommended a Town Council member review, initial, and approve the bank reconciliations. Additionally, we recommended Town Council approval for any adjustments made to the ledger.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF ODON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

Town of Odon

Odon Town Council

109 South Spring Street
Odon, Indiana 47562

Phone (812) 636-4321



May 10, 2011

FEDERAL FINDING 2010-01 CONTROLS OVER FINANCIAL TRANSACTION AND REPORTING – MATERIAL WEAKNESS

Auditee Contact Person: Opal McDannald

Title of Contact Person: Clerk-Treasurer

Phone Number: 812-636-4321

Expected Completion Date: May 2011

Corrective Action Plan:

The finding noted that there is no approval or oversight of the bank reconciliation once it is completed. We plan as of May 31, 2011 to change this by designating one of the Town council members as the person to oversee the bank reconciliation process. This council member will come into the office once a month, review the bank reconciliation performed by the Clerk-Treasurer, and initial the reconciliations once they have been approved. If there are any problems or questions, this Council member can share them with the rest of the Town council at the next meeting.

Clerk-Treasurer

A handwritten signature in cursive script that reads "Opal McDannald".

Opal McDannald

TOWN OF ODON
EXIT CONFERENCE

The contents of this report were discussed on May 10, 2011, with Opal McDannald, Clerk-Treasurer, and Keith Bechtel, President of Town Council. The officials concurred with our audit findings.