

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

ANNUAL FINANCIAL REPORT

2010

TOWN OF OSSIAN

WELLS COUNTY, INDIANA



FILED
08/25/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mary K. Shafer	06-01-08 to 12-31-11
President of the Town Council	Angela L. Dial Teresa Hughes-Lazzell	01-01-10 to 12-31-10 01-01-11 to 12-31-11
Town Manager	Luann Martin	01-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

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

We have audited the accompanying financial statement of the Town of Ossian (Town), for the year ended December 31, 2010. This financial statement is the responsibility of the Town's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free 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 statement. 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 opinion.

As discussed in Note 1, the Town prepares its financial statement 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 (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

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

In accordance with Government Auditing Standards, we have also issued a report dated August 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.

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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 statement.

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

Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedule 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 statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, 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

August 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 OSSIAN, WELLS COUNTY, INDIANA

We have audited the financial statement of the Town of Ossian (Town), for the year ended December 31, 2010, and have issued our report thereon dated August 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 opinion on the financial statement, 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.

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 statement will not be prevented or detected and corrected on a timely basis.

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

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 statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Town's management, 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

August 10, 2011

FINANCIAL STATEMENT

TOWN OF OSSIAN
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	\$ 200,281	\$ 655,683	\$ 572,919	\$ 283,045
Motor Vehicle Highway	138,974	201,815	209,516	131,273
Local Road And Street	11,459	11,591	23,050	-
Economic Development Operating	348,515	84,168	192,937	239,746
Law Enforcement Continuing Education	4,915	2,686	26	7,575
Riverboat	119,096	18,888	100,000	37,984
Parks And Recreation	100,128	53,020	43,105	110,043
Park Donation	4,293	255	-	4,548
Downtown Revitalization Grant	-	939,889	939,889	-
Rainy Day	35,915	73,459	17,088	92,286
Levy Excess	-	1,665	-	1,665
Court Fees	54,657	19,309	-	73,966
LOIT-Public Safety	24,829	16,350	9,000	32,179
Christmas Decorations	1,013	-	80	933
Downtown Revitalization	106,500	64,072	143,119	27,453
Police Grant	1,146	9,647	9,836	957
Police Reserve	400	-	49	351
Sewer Bond (Sinking)	501,990	470,363	415,191	557,162
Cumulative Capital Development	215,463	49,845	24,188	241,120
Cumulative Fire	22,451	22,022	-	44,473
Cumulative Capital Improvement	185	8,617	8,802	-
New Park Pavilion	1,929	-	-	1,929
Archibold-Wilson Park	1,682	-	-	1,682
Payroll	920	631,024	630,633	1,311
Solid Waste-Operating	1,903	202,939	193,216	11,626
Storm Water Utility-Operating	84,271	170,713	173,773	81,211
Storm Water Utility-Construction	1,129	-	1,129	-
Wastewater Utility-Operating	221,205	1,274,268	1,240,164	255,309
Wastewater Utility-Depreciation/Improvement	9,148	39,438	13,730	34,856
Water Utility-Operating	397,380	888,709	612,691	673,398
Water Utility-Bond And Interest	-	80,315	-	80,315
Water Utility-Construction	-	1,839,063	1,839,063	-
Water Utility-Debt Reserve	-	9,908	-	9,908
Totals	<u>\$ 2,611,777</u>	<u>\$ 7,839,721</u>	<u>\$ 7,413,194</u>	<u>\$ 3,038,304</u>

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

TOWN OF OSSIAN
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying financial statement(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 OSSIAN
NOTES TO FINANCIAL STATEMENT
(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 OSSIAN
NOTES TO FINANCIAL STATEMENT
(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 OSSIAN
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Town to invest in securities including, but not limited to, 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

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:

TOWN OF OSSIAN
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

	General	Motor Vehicle Highway	Local Road And Street	Economic Development Operating	Law Enforcement Continuing Education	Riverboat	Parks And Recreation
Cash and investments - beginning	\$ 200,281	\$ 138,974	\$ 11,459	\$ 348,515	\$ 4,915	\$ 119,096	\$ 100,128
Receipts:							
Taxes	288,357	94,640	-	-	-	-	40,850
Licenses and permits	695	-	-	-	-	-	-
Intergovernmental	343,860	101,071	11,591	82,744	-	18,417	4,667
Charges for services	-	720	-	-	1,199	-	-
Fines and forfeits	-	-	-	-	1,487	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	22,771	5,384	-	1,424	-	471	7,503
Total receipts	<u>655,683</u>	<u>201,815</u>	<u>11,591</u>	<u>84,168</u>	<u>2,686</u>	<u>18,888</u>	<u>53,020</u>
Disbursements:							
Personal services	382,208	101,207	-	-	26	-	27,175
Supplies	45,286	15,016	-	10,761	-	-	1,562
Other services and charges	130,215	92,812	23,050	-	-	-	7,854
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	15,210	481	-	182,176	-	100,000	1,434
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	5,080
Total disbursements	<u>572,919</u>	<u>209,516</u>	<u>23,050</u>	<u>192,937</u>	<u>26</u>	<u>100,000</u>	<u>43,105</u>
Excess (deficiency) of receipts over disbursements	<u>82,764</u>	<u>(7,701)</u>	<u>(11,459)</u>	<u>(108,769)</u>	<u>2,660</u>	<u>(81,112)</u>	<u>9,915</u>
Cash and investments - ending	<u>\$ 283,045</u>	<u>\$ 131,273</u>	<u>\$ -</u>	<u>\$ 239,746</u>	<u>\$ 7,575</u>	<u>\$ 37,984</u>	<u>\$ 110,043</u>

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

	Park Donation	Downtown Revitalization Grant	Rainy Day	Levy Excess	Court Fees	LOIT-Public Safety	Christmas Decorations
Cash and investments - beginning	\$ 4,293	\$ -	\$ 35,915	\$ -	\$ 54,657	\$ 24,829	\$ 1,013
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	500,000	73,435	1,665	-	16,350	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	19,012	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	255	439,889	24	-	297	-	-
Total receipts	255	939,889	73,459	1,665	19,309	16,350	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	73,421	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	866,468	17,088	-	-	9,000	80
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	939,889	17,088	-	-	9,000	80
Excess (deficiency) of receipts over disbursements	255	-	56,371	1,665	19,309	7,350	(80)
Cash and investments - ending	<u>\$ 4,548</u>	<u>\$ -</u>	<u>\$ 92,286</u>	<u>\$ 1,665</u>	<u>\$ 73,966</u>	<u>\$ 32,179</u>	<u>\$ 933</u>

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

	Downtown Revitalization	Police Grant	Police Reserve	Sewer Bond (Sinking)	Cumulative Capital Development	Cumulative Fire	Cumulative Capital Improvement
Cash and investments - beginning	\$ 106,500	\$ 1,146	\$ 400	\$ 501,990	\$ 215,463	\$ 22,451	\$ 185
Receipts:							
Taxes	-	-	-	-	44,427	19,628	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	9,647	-	-	5,412	2,391	8,617
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	64,072	-	-	470,363	6	3	-
Total receipts	64,072	9,647	-	470,363	49,845	22,022	8,617
Disbursements:							
Personal services	1,159	638	-	-	-	-	-
Supplies	60	139	49	-	-	-	-
Other services and charges	24,237	-	-	-	-	-	8,802
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	117,663	9,059	-	-	24,188	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	415,191	-	-	-
Total disbursements	143,119	9,836	49	415,191	24,188	-	8,802
Excess (deficiency) of receipts over disbursements	(79,047)	(189)	(49)	55,172	25,657	22,022	(185)
Cash and investments - ending	\$ 27,453	\$ 957	\$ 351	\$ 557,162	\$ 241,120	\$ 44,473	\$ -

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

	New Park Pavilion	Archibold-Wilson Park	Payroll	Solid Waste-Operating	Storm Water Utility-Operating	Storm Water Utility-Construction	Wastewater Utility-Operating
Cash and investments - beginning	\$ 1,929	\$ 1,682	\$ 920	\$ 1,903	\$ 84,271	\$ 1,129	\$ 221,205
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	198,635	165,903	-	794,324
Penalties	-	-	-	4,255	3,679	-	16,789
Other receipts	-	-	631,024	49	1,131	-	463,155
Total receipts	-	-	631,024	202,939	170,713	-	1,274,268
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	78,875	-	415,641
Capital outlay	-	-	-	-	32,801	-	68,894
Utility operating expenses	-	-	-	191,031	39,022	-	274,291
Other disbursements	-	-	630,633	2,185	23,075	1,129	481,338
Total disbursements	-	-	630,633	193,216	173,773	1,129	1,240,164
Excess (deficiency) of receipts over disbursements	-	-	391	9,723	(3,060)	(1,129)	34,104
Cash and investments - ending	<u>\$ 1,929</u>	<u>\$ 1,682</u>	<u>\$ 1,311</u>	<u>\$ 11,626</u>	<u>\$ 81,211</u>	<u>\$ -</u>	<u>\$ 255,309</u>

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

	Wastewater Utility-Depreciation/ Improvement	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility-Construction	Water Utility-Debt Reserve	Totals
Cash and investments - beginning	\$ 9,148	\$ 397,380	\$ -	\$ -	\$ -	\$ 2,611,777
Receipts:						
Taxes	-	-	-	-	-	487,902
Licenses and permits	-	-	-	-	-	695
Intergovernmental	-	-	-	-	-	1,179,867
Charges for services	-	-	-	-	-	1,919
Fines and forfeits	-	-	-	-	-	20,499
Utility fees	-	524,091	-	-	-	1,682,953
Penalties	-	9,346	-	-	-	34,069
Other receipts	39,438	355,272	80,315	1,839,063	9,908	4,431,817
Total receipts	39,438	888,709	80,315	1,839,063	9,908	7,839,721
Disbursements:						
Personal services	-	-	-	-	-	512,413
Supplies	-	-	-	-	-	72,873
Other services and charges	-	-	-	-	-	360,391
Debt service - principal and interest	-	-	-	-	-	494,516
Capital outlay	13,730	169,680	-	1,839,063	-	3,467,015
Utility operating expenses	-	185,295	-	-	-	689,639
Other disbursements	-	257,716	-	-	-	1,816,347
Total disbursements	13,730	612,691	-	1,839,063	-	7,413,194
Excess (deficiency) of receipts over disbursements	25,708	276,018	80,315	-	9,908	426,527
Cash and investments - ending	\$ 34,856	\$ 673,398	\$ 80,315	\$ -	\$ 9,908	\$ 3,038,304

TOWN OF OSSIAN
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.

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 Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 99,000
Infrastructure	1,199,951
Buildings	286,738
Improvements other than buildings	147,591
Machinery and equipment	<u>954,239</u>
Total governmental activities, capital assets not being depreciated	<u><u>\$ 2,687,519</u></u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 85,153
Buildings	28,487
Improvements other than buildings	1,306,391
Machinery and equipment	136,494
Construction in progress	<u>1,867,286</u>
Total Water Utility capital assets	<u>3,423,811</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>
Stormwater Utility:	
Capital assets, not being depreciated:	
Improvements other than buildings	2,768,132
Machinery and equipment	<u>47,500</u>
Total Stormwater Utility capital assets	<u>2,815,632</u>
Total business-type activities capital assets	<u><u>\$ 12,937,686</u></u>

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

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Water Utility		
Revenue bonds:		
Waterworks Revenue Bonds of 2010	\$ 1,839,063	\$ 165,153
Wastewater Utility		
Notes and loans payable:		
State revolving loan	1,555,000	185,305
Revenue bonds:		
Sewage works revenue bonds of 2005	<u>3,370,000</u>	<u>231,308</u>
Total Wastewater Utility	<u>4,925,000</u>	<u>416,613</u>
Total business-type activities debt	<u>\$ 6,764,063</u>	<u>\$ 581,766</u>

TOWN OF OSSIAN
AUDIT RESULT AND COMMENT

PUBLIC WORKS PROJECT

The Town of Ossian awarded Crosby Excavating Inc., a \$620,222 contract for the downtown revitalization project, through a Community Development Block Grant (CDBG) project. Various change orders totaling \$166,148 were approved. The change orders were for additional work that exceeded the scope of the original project and increased the amount of the original contract by 27 percent.

The total of all change orders issued that increase the scope of the project may not exceed twenty percent (20%) of the amount of the original contract. A change order issued as a result of circumstances that could not have been reasonably foreseen does not increase the scope of the project. (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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 OSSIAN, WELLS COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Ossian (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 year ended December 31, 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 year ended December 31, 2010. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1.

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.

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

This report is intended solely for the information and use of the Town's management, 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

August 10, 2011

TOWN OF OSSIAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct Grant			
ARRA - Water and Waste Disposal Systems for Rural Communities	10.781	FY 2010	\$ <u>1,839,063</u>
Total for federal grantor agency			<u>1,839,063</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs			
CDBG - State Administered Small Cities Program Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CF-09-122	<u>500,000</u>
Total for federal grantor agency			<u>500,000</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	07-DJ-117	<u>7,965</u>
Total for federal grantor agency			<u>7,965</u>
Total federal awards expended			<u>\$ 2,347,028</u>

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

TOWN OF OSSIAN
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Ossian and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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.

TOWN OF OSSIAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies 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?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
10.781	ARRA – Water and Waste Disposal Systems for Rural Communities CDBG – State Administered Small Cities Program Cluster

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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Section II – Financial Statement Findings

No matters are reportable.

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-1 - PROCUREMENT

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program and Non-Entitlement Grants
in Hawaii
CFDA Number: 14.228
Federal Award Number: CF-09-122
Pass-Through Entity: Indiana Office of Community and Rural Affairs

The Town of Ossian awarded Crosby Excavating Inc., a \$620,222 contract for the downtown revitalization project, through a Community Development Block Grant (CDBG) project. Various change orders totaling \$166,148 were approved. The change orders were for additional work that exceeded the scope of the original project and increased the amount of the original contract by 27 percent.

24 CFR 85.36 states: "(b) Procurement standards. (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section."

Indiana Code 36-1-12-18 (d) states: "The total of all change orders issued that increase the scope of the project may not exceed twenty percent (20%) of the amount of the original contract. A change order issued as a result of circumstances that could not have been reasonably foreseen does not increase the scope of the project."

Indiana Code 36-1-12-18 (e) states: "All change orders must be directly related to the original public work project."

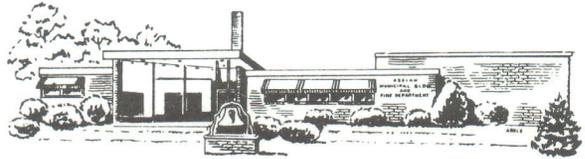
Failure to adhere to this requirement could cause the unit to be deemed ineligible to receive federal awards in the future.

We recommended that the unit design and properly monitor procedures that would ensure that change orders would not exceed 20 percent of the original contracted amount unless the change orders are a result of circumstances that could not have been reasonably foreseen and do not increase the scope of the project.

TOWN OF OSSIAN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

Town of OSSIAN



507 NORTH JEFFERSON
OSSIAN, INDIANA 46777
(260) 622-4251
Fax (260) 622-6250

July 19, 2011

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204

RE: Corrective Action Plan

FEDERAL FINDING 2010-1, PROCUREMENT

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program
And Non-Entitlement Grants in Hawaii
CFDA Number: 14.228

The Town of Ossian will design and monitor procedures that would ensure change orders would not exceed 20% of the original contracted amount unless the change orders are a result of circumstances that could not have been reasonably foreseen and does not increase the scope of the project.


Mary Shafer, Clerk Treasurer

TOWN OF OSSIAN
EXIT CONFERENCE

The contents of this report were discussed on August 10, 2011, with Mary K. Shafer, Clerk-Treasurer; Teresa Hughes-Lazzell, President of the Town Council; and Joshua W. Barkley, Town Council member.