

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
TOWN OF OSGOOD
RIPLEY COUNTY, INDIANA
January 1, 2003 to December 31, 2005



FILED
08/23/2006

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4-6
Notes to Schedules	7-8
Examination Result and Comment: Capital Asset Records	9
Exit Conference	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Gary W. Norman Tamara Wilhoit	01-01-01 to 12-31-04 01-01-05 to 12-31-08
President of the Town Council	Jeffery J. Volz	01-01-03 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Osgood (Town), for the period of January 1, 2003 to December 31, 2005. The Town's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 27, 2006

TOWN OF OSGOOD
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2003

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 332,606	\$ 212,703	\$ 267,928	\$ 277,381
Motor Vehicle Highway	11,771	49,698	46,394	15,075
Local Road and Street	22,465	8,369	13,536	17,298
Economic Development	135,369	-	-	135,369
Law Enforcement Continuing Education	9	436	900	(455)
Riverboat	445,272	144,657	194,872	395,057
Ripley County Substance Abuse	5	-	-	5
Osgood Development Foundation	13,840	-	13,490	350
Criminal Justice Institute CFDA # 20.600	(39)	-	-	(39)
Reynolds Foundation Grant	145,649	362,039	428,103	79,585
CFF 98-211		286,580	286,580	-
Cumulative Capital Improvement	34,753	6,034	-	40,787
Cumulative Capital Development	34,933	6,238	11,510	29,661
County Economic Development Income Tax	100,770	48,834	4,435	145,169
Rising Sun Regional Fund Grant 927	1	-	-	1
Proprietary Funds:				
Water Utility - Operating	563,946	900,941	598,519	866,368
Water Utility - Bond and Interest	128,012	103,312	101,090	130,234
Water Utility - Debt Service Reserve	164,146	-	-	164,146
Water Utility - Customer Deposit	21,865	3,955	4,511	21,309
Water Utility - Improvement	17,410	-	-	17,410
Wastewater Utility - Operating	125,394	426,513	443,931	107,976
Wastewater Utility - Bond and Interest	19,320	79,957	79,785	19,492
Wastewater Utility - Debt Service	22,706	-	-	22,706
Wastewater Utility - Improvement	12,515	-	-	12,515
Gas Utility - Operating	305,866	393,943	486,498	213,311
Gas Utility - Depreciation	42,736	-	-	42,736
Gas Utility - Customer Deposit	28,730	6,600	4,056	31,274
Fiduciary Fund:				
Payroll	6,921	562,154	542,210	26,865
Totals	<u>\$ 2,736,971</u>	<u>\$ 3,602,963</u>	<u>\$ 3,528,348</u>	<u>\$ 2,811,586</u>

The accompanying notes are an integral part of the schedules.

TOWN OF OSGOOD
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2004

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 277,381	\$ 391,503	\$ 296,466	\$ 372,418
Motor Vehicle Highway	15,075	52,668	10,438	57,305
Local Road and Street	17,298	8,825	17,086	9,037
Economic Development	135,369	13,006	29	148,346
Law Enforcement Continuing Education	(455)	739	344	(60)
Rainy Day Fund	-	34,099	-	34,099
Riverboat	395,057	230,824	141,323	484,558
Ripley County Substance Abuse	5	-	-	5
Osgood Development Foundation	350	-	-	350
Criminal Justice Institute CFDA # 20.600	(39)	-	-	(39)
Reynolds Foundation Grant	79,585	98,750	147,585	30,750
Cumulative Capital Improvement	40,787	6,228	-	47,015
Cumulative Capital Development	29,661	18,441	11,510	36,592
County Economic Development Income Tax	145,169	31,690	3,011	173,848
Rising Sun Regional Fund Grant 927	1	-	-	1
Proprietary Funds:				
Water Utility - Operating	866,368	659,705	1,137,885	388,188
Water Utility - Bond and Interest	130,234	103,570	103,537	130,267
Water Utility - Debt Service Reserve	164,146	-	-	164,146
Water Utility - Customer Deposit	21,309	3,625	3,160	21,774
Water Utility - Improvement	17,410	490,000	1,800	505,610
Wastewater Utility - Operating	107,976	467,216	458,525	116,667
Wastewater Utility - Bond and Interest	19,492	80,113	79,975	19,630
Wastewater Utility - Debt Service	22,706	-	-	22,706
Wastewater Utility - Improvement	12,515	-	-	12,515
Gas Utility - Operating	213,311	837,349	563,108	487,552
Gas Utility - Depreciation	42,736	-	-	42,736
Gas Utility - Customer Deposit	31,274	8,400	4,080	35,594
Fiduciary Fund:				
Payroll	26,865	574,561	594,392	7,034
Totals	<u>\$ 2,811,586</u>	<u>\$ 4,111,312</u>	<u>\$ 3,574,254</u>	<u>\$ 3,348,644</u>

The accompanying notes are an integral part of the schedules.

TOWN OF OSGOOD
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2005

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 372,418	\$ 376,822	\$ 334,658	\$ 414,582
Motor Vehicle Highway	57,305	51,700	44,622	64,383
Local Road and Street	9,037	8,876	12,394	5,519
Economic Development	148,346	2,327	1,528	149,145
Law Enforcement Continuing Education	(60)	711	-	651
Rainy Day Fund	34,099	6,311	-	40,410
Riverboat	484,558	206,123	124,335	566,346
Ripley County Substance Abuse	5	3,520	1,520	2,005
Osgood Development Foundation	350	-	-	350
Criminal Justice Institute CFDA # 20.600	(39)	-	-	(39)
Reynolds Foundation Grant	30,750	653,769	243,753	440,766
Cumulative Capital Improvement	47,015	5,159	-	52,174
Cumulative Capital Development	36,592	18,063	11,510	43,145
County Economic Development Income Tax CF-01-138	173,848	27,856	8,342	193,362
Rising Sun Regional Fund Grant 927	-	136,827	136,827	-
	1	50,000	44,767	5,234
Proprietary Funds:				
Water Utility - Operating	388,188	699,115	699,082	388,221
Water Utility - Bond and Interest	130,267	104,257	103,090	131,434
Water Utility - Debt Service Reserve	164,146	2,471	-	166,617
Water Utility - Customer Deposit	21,774	3,375	3,004	22,145
Water Utility - Improvement	505,610	-	240,587	265,023
Wastewater Utility - Operating	116,667	528,847	466,547	178,967
Wastewater Utility - Bond and Interest	19,630	81,484	80,146	20,968
Wastewater Utility - Debt Service	22,706	320	-	23,026
Wastewater Utility - Improvement	12,515	-	10,870	1,645
Wastewater Utility - Construction	-	12,002	-	12,002
Gas Utility - Operating	487,552	1,063,842	1,042,977	508,417
Gas Utility - Depreciation	42,736	458	-	43,194
Gas Utility - Customer Deposit	35,594	7,700	5,205	38,089
Fiduciary Fund:				
Payroll	7,034	538,944	543,274	2,704
Totals	<u>\$ 3,348,644</u>	<u>\$ 4,590,879</u>	<u>\$ 4,159,038</u>	<u>\$ 3,780,485</u>

The accompanying notes are an integral part of the schedules.

TOWN OF OSGOOD
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highway and streets, sanitation, public improvements, planning and zoning, general administrative services, gas, water, wastewater, and urban redevelopment and housing.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

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

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF OSGOOD
NOTES TO SCHEDULES
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Long-Term Debt

The Town has entered into various debts such as revenue bonds for the Water and Wastewater Utilities and a capital lease for a fire truck. The outstanding principal at December 31, 2005, was \$315,000 and \$1,316,000 for the Water Utility's revenue bonds and Wastewater Utility's revenue bonds, respectively, and \$30,772 for the Town's capital lease for the fire truck.

Note 8. Major Customer

Best Metal Finishing Company is a major customer for the Gas and Wastewater Utilities, accounting for approximately 35% of the Gas Utility's operating receipts and 25% of the Wastewater Utility's operating receipts.

TOWN OF OSGOOD
EXAMINATION RESULT AND COMMENT

CAPITAL ASSET RECORDS (Applies to Town and All Utilities)

The Town and Utilities have capital asset records, but the records presented for audit have not been updated as of December 31, 2005.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF OSGOOD
EXIT CONFERENCE

The contents of this report were discussed on June 27, 2006, with Tamara Wilhoit, Clerk-Treasurer; and Linda Krinop, Member of the Town Council. The officials concurred with our finding.