

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

EXAMINATION REPORT

OF

TOWN OF ODON

DAVISS COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
09/20/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Opal McDannald	01-01-04 to 12-31-07
President of the Town Council	Richard Cottrell	01-01-04 to 12-31-06
Superintendent of Water Utility	Steve Riggins James Huff	01-01-04 to 10-31-05 11-01-05 to 12-31-06
Superintendent of Wastewater Utility	Jeremy Wesner	01-01-04 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Odon (Town), for the period of January 1, 2004 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, 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

August 17, 2006

TOWN OF ODON
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 96,240	\$ 248,629	\$ 168,487	\$ 176,382
Motor Vehicle Highway	76,332	49,738	57,142	68,928
Local Road and Street	3,217	5,962	6,500	2,679
Park and Recreation	1,273	43,066	24,766	19,573
Law Enforcement Continuing Education	5,701	1,309	591	6,419
Riverboat	8,701	8,677	11,643	5,735
Fire Protection	35,111	21,798	21,008	35,901
Cumulative Capital Improvement	4,903	5,135	7,470	2,568
Cumulative Capital Development	7,183	18,764	11,078	14,869
Park Community Building Fund	-	1,855	-	1,855
Park Nonreverting Capital	9,188	3,573	10,834	1,927
Proprietary Funds:				
Water Utility - Operating	210,338	315,818	263,076	263,080
Water Utility - Bond and Interest	23,134	41,222	41,200	23,156
Water Utility - Depreciation	35,640	80	-	35,720
Water Utility - Customer Deposit	9,154	2,430	5,655	5,929
Water Utility - Construction	53,776	-	-	53,776
Wastewater Utility - Operating	244,910	291,152	318,618	217,444
Wastewater Utility - Bond and Interest	34,017	40,826	37,200	37,643
Wastewater Utility - Depreciation	14,137	-	-	14,137
Wastewater Utility - Customer Deposit	70	-	50	20
Wastewater Utility - Construction	63,772	-	-	63,772
Fiduciary Fund:				
Payroll	3,954	216,053	216,515	3,492
Totals	<u>\$ 940,751</u>	<u>\$ 1,316,087</u>	<u>\$ 1,201,833</u>	<u>\$ 1,055,005</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 176,382	\$ 203,576	\$ 193,828	\$ 186,130
Motor Vehicle Highway	68,928	47,455	35,342	81,041
Local Road and Street	2,679	5,825	6,500	2,004
Park and Recreation	19,573	25,707	33,617	11,663
Law Enforcement Continuing Education	6,419	1,211	100	7,530
Riverboat	5,735	8,677	-	14,412
Fire Protection	35,901	14,834	18,850	31,885
Cumulative Capital Improvement	2,568	4,254	4,000	2,822
Cumulative Capital Development	14,869	18,689	17,784	15,774
Park Community Building Fund	1,855	-	1	1,854
Park Nonreverting Capital	1,927	7,475	6,950	2,452
Levy Excess	-	9,014	-	9,014
Proprietary Funds:				
Water Utility - Operating	263,080	728,122	682,148	309,054
Water Utility - Bond and Interest	23,156	69,066	44,753	47,469
Water Utility - Depreciation	35,720	80	-	35,800
Water Utility - Customer Deposit	5,929	1,910	1,037	6,802
Water Utility - Construction	53,776	17	-	53,793
Water Utility - Improvement	-	5,035	-	5,035
Wastewater Utility - Operating	217,444	306,099	294,379	229,164
Wastewater Utility - Bond and Interest	37,643	40,855	51,750	26,748
Wastewater Utility - Depreciation	14,137	-	-	14,137
Wastewater Utility - Customer Deposit	20	-	-	20
Wastewater Utility - Construction	63,772	-	-	63,772
Fiduciary Fund:				
Payroll	3,492	221,774	221,808	3,458
Totals	<u>\$ 1,055,005</u>	<u>\$ 1,719,675</u>	<u>\$ 1,612,847</u>	<u>\$ 1,161,833</u>

The accompanying notes are an integral part of the schedules.

TOWN OF ODON
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 (police and fire), highways and streets, culture and recreation, general administrative services, water and wastewater.

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. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

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 ODON
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 bonds for water utility construction (1981 issue), wastewater utility construction (1969 issue) and a capital lease for a police car. The outstanding principal at December 31, 2005, was \$427,000, \$90,000, and \$6,729, respectively.

TOWN OF ODOM
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Cumulative Capital Development	2005	<u>\$ 5,535</u>

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

PENALTIES, INTEREST AND OTHER CHARGES

Penalties and interest totaling \$558.04 were paid to the Indiana Department of Revenue on water utility sales tax remittances for the period of January 1, 2004 to December 31, 2005.

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

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

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ODON
EXIT CONFERENCE

The contents of this report were discussed on August 17, 2006, with Opal McDannald, Clerk-Treasurer; and Richard Cottrell, President of the Town Council. The officials concurred with our findings.