

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

TOWN OF OWENSVILLE

GIBSON COUNTY, INDIANA

January 1, 2015 to December 31, 2018



**FILED**  
11/19/2019



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Review Report.....	3-4
Financial Statements and Accompanying Notes:	
Statements of Receipts, Disbursements, and Cash and Investment	
Balances - Regulatory Basis.....	6-7
Notes to Financial Statements.....	8-11
Review Result and Comment:	
Annual Financial Reports .....	12
Exit Conference.....	13

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kristy York (Vacant) Tamara Patterson	01-01-12 to 12-10-18 12-11-18 to 12-31-18 01-01-19 to 12-31-19
President of the Town Council	Daniel Kautzman	01-01-15 to 12-31-19
Superintendent of Utilities	Dean Short Billy Ross	01-01-15 to 12-26-17 12-27-17 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE TOWN OF OWENSVILLE, GIBSON COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Town of Owensville (Town), for the period of January 1, 2015 to December 31, 2018. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Town's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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. This includes determining that the basis of accounting the Town uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error.

***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.


INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
(Continued)

***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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. Our conclusion is not modified with respect to this matter.

  
Paul D. Joyce, CPA  
State Examiner

October 10, 2019

## FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF OWENSVILLE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended December 31, 2015 and 2016

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-15	Receipts	Disbursements	12-31-15	Receipts	Disbursements	12-31-16
GENERAL	\$ 179,052	\$ 295,596	\$ 312,919	\$ 161,729	\$ 365,485	\$ 373,838	\$ 153,376
MOTOR VEHICLE HIGHWAY	71,455	119,952	95,503	95,904	264,525	235,848	124,581
LOCAL ROAD & STREETS	39,692	4,971	-	44,663	57,419	50,820	51,262
CONTINUING ED FUND-LAW ENFORCEMENT	4,089	796	728	4,157	5,524	4,993	4,688
RIVERBOAT WGRNG TX FND	77,394	7,606	36,448	48,552	61,762	56,278	54,036
PARK & REC	102,487	99,526	101,026	100,987	190,875	195,060	96,802
RAINY DAY FUND	130,478	-	-	130,478	143,738	137,108	137,108
CEDIT	565,647	75,664	59,814	581,497	557,599	648,492	490,604
LOIT SPECIAL DISTRIBUTION	-	-	-	-	39,774	19,887	19,887
LEVY EXCESS	814	-	814	-	-	-	-
CUM CAP DEVELOPMENT	78,275	6,502	-	84,777	95,025	88,645	91,157
CUM CAP IMPROVEMENTS	53,025	3,225	2,509	53,741	58,453	55,285	56,909
PAYROLL	(24)	419,816	418,458	1,334	454,887	454,240	1,981
SEWAGE OPERATING	(12,676)	367,102	339,931	14,495	425,101	390,497	49,099
SEWER DEBT SERVICE RESRVE	96,072	-	-	96,072	96,072	96,072	96,072
SEWER BOND/INT SINKING	69,501	86,400	71,469	84,432	235,965	221,298	99,099
WATER OPERATING	167,009	418,047	428,060	156,996	607,076	575,038	189,034
WATER CONSUMER DEPOSIT	20,105	8,700	8,300	20,505	27,905	27,255	21,155
WATR EXTNSN/RPMNT FUND	135,992	14,400	-	150,392	176,792	162,392	164,792
WATER CHANGE CASH	250	-	-	250	-	-	250
WATER/SEWER CLEARING ACT	1	1	-	2	724	726	-
5/3 ATM CASH (OWNER=WATER)	-	-	-	-	9,880	6,485	3,395
WATER DEBT SERVICE RESERVE	23,635	12,892	-	36,527	12,955	-	49,482
WATER BOND & INTEREST	9,883	64,030	64,030	9,883	64,353	64,295	9,941
Totals	<u>\$ 1,812,156</u>	<u>\$ 2,005,226</u>	<u>\$ 1,940,009</u>	<u>\$ 1,877,373</u>	<u>\$ 3,951,889</u>	<u>\$ 3,864,552</u>	<u>\$ 1,964,710</u>

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

TOWN OF OWENSVILLE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended December 31, 2017 and 2018

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17	Receipts	Disbursements	Cash and Investments 12-31-18
GENERAL	\$ 153,376	\$ 285,941	\$ 236,138	\$ 203,179	\$ 703,175	\$ 653,889	\$ 252,465
MOTOR VEHICLE HIGHWAY	124,581	154,063	128,838	149,806	165,872	164,809	150,869
LOCAL ROAD & STREETS	51,262	6,403	-	57,665	8,810	4,877	61,598
CONTINUING ED FUND-LAW ENFORCEMENT	4,688	984	1,248	4,424	612	120	4,916
RIVERBOAT WGRNG TX FND	54,036	7,606	6,000	55,642	7,606	2,000	61,248
PARK & REC	96,802	98,937	90,326	105,413	100,656	95,098	110,971
RAINY DAY FUND	137,108	-	-	137,108	-	34,696	102,412
CEDIT	490,604	81,832	18,179	554,257	87,844	12,033	630,068
LOIT SPECIAL DISTRIBUTION	19,887	-	-	19,887	-	19,887	-
CUM CAP DEVELOPMENT	91,157	6,291	-	97,448	6,350	-	103,798
CUM CAP IMPROVEMENTS	56,909	3,123	2,356	57,676	3,001	-	60,677
PAYROLL	1,981	405,404	405,509	1,876	431,786	432,052	1,610
SEWAGE OPERATING	49,099	375,470	347,067	77,502	446,478	299,659	224,321
SEWER DEBT SERVICE RESRVE	96,072	-	-	96,072	-	96,072	-
SEWER BOND/INT SINKING	99,099	86,400	71,935	113,564	7,200	120,764	-
WATER OPERATING	189,034	455,326	415,362	228,998	450,523	465,917	213,604
WATER CONSUMER DEPOSIT	21,155	5,400	5,500	21,055	8,250	7,450	21,855
WATR EXTNSN/RPMNT FUND	164,792	14,400	-	179,192	14,400	137,615	55,977
WATER CHANGE CASH	250	-	-	250	-	-	250
5/3 ATM CASH (OWNER=WATER)	3,395	85,937	85,933	3,399	34,169	37,568	-
WATER DEBT SERVICE RESERVE	49,482	13,257	-	62,739	3,177	-	65,916
WATER BOND & INTEREST	9,941	63,815	63,545	10,211	64,440	6,397	68,254
SEWER IMPROVEMENTS	-	-	-	-	20,881	-	20,881
SEWER SRF BOND/INTEREST	-	-	-	-	80,184	5,482	74,702
SEWER SRF DEBT SERVICE RESERVE	-	-	-	-	85,652	-	85,652
SEWER SRF CONSTR.	-	-	-	-	484,368	484,368	-
SEWER OCRA GRANT - PRJCT	-	-	-	-	412,261	412,261	-
COMMUNITY CROSSINGS MTCHG GRNT FND	-	-	-	-	218,332	218,332	-
Totals	<u>\$ 1,964,710</u>	<u>\$ 2,150,589</u>	<u>\$ 1,877,936</u>	<u>\$ 2,237,363</u>	<u>\$ 3,846,027</u>	<u>\$ 3,711,346</u>	<u>\$ 2,372,044</u>

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

TOWN OF OWENSVILLE  
NOTES TO FINANCIAL STATEMENTS

**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 statements present the financial information for the Town.

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 include the following sources:

*Taxes.* Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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.* 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF OWENSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*Intergovernmental receipts.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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.* Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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.* Amounts received 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.* Amounts received from charges for current services.

*Penalties.* Amounts received from late payment fees.

*Other receipts.* Amounts received from various sources, including, but 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 include the following uses:

*Personal services.* Amounts disbursed 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.* Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

*Other services and charges.* Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

*Debt service - principal and interest.* Amounts disbursed for 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 OWENSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*Capital outlay.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

*Utility operating expenses.* Amounts disbursed for operating the utilities.

*Other disbursements.* Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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 December 31 of the year preceding the budget year or January 15 of the budget year if the Town is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. 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 OWENSVILLE  
NOTES TO FINANCIAL STATEMENTS  
(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, the following: 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.

TOWN OF OWENSVILLE  
REVIEW RESULT AND COMMENT

***ANNUAL FINANCIAL REPORTS***

The financial statements presented for audit omitted the Sewer Improvements, Sewer SRF Bond/Interest, Sewer SRF Debt Service Reserve, Sewer SRF Constr., Sewer OCRA Grant - Prjct, and Community Crossings Mtchg Grnt Fnd funds, which understated receipts, disbursements, and cash and investment balances by \$1,301,678, \$1,120,443, and \$181,235, respectively.

Adjustments were proposed, accepted by the Town, and made to the financial statements.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

TOWN OF OWENSVILLE  
EXIT CONFERENCE

The contents of this report were discussed on October 10, 2019, with Tamara Patterson, Clerk-Treasurer; Kristy York, former Clerk-Treasurer; and Daniel Kautzman, President of the Town Council.