



Mary Taylor, CPA
Auditor of State

VILLAGE OF OSGOOD
DARKE COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Osgood
Darke County
P.O. Box 177
Osgood, Ohio 45351

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 6, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Osgood
Darke County
P.O. Box 177
Osgood, Ohio 45351

To the Village Council:

We have audited the accompanying financial statements of Village of Osgood, Darke County, (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Osgood, Darke County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

May 6, 2009

**VILLAGE OF OSGOOD
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Local Taxes	\$8,444				\$8,444
Intergovernmental	43,411	\$21,922			65,333
Special Assessments	207				207
Earnings on Investments	8,653	1,605			10,258
Miscellaneous	3,240				3,240
Total Cash Receipts	63,955	23,527			87,482
Cash Disbursements:					
Current:					
Security of Persons and Property	7,208				7,208
Public Health Services	1,821				1,821
Leisure Time Activities	15,589				15,589
Transportation	297	11,103			11,400
General Government	22,112				22,112
Debt Service:					
Redemption of Principal			\$4,173		4,173
Capital Outlay				\$88,156	88,156
Total Cash Disbursements	47,027	11,103	4,173	88,156	150,459
Total Receipts Over/(Under) Disbursements	16,928	12,424	(4,173)	(88,156)	(62,977)
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Public Debt:					
Transfers-In	2,500		6,673		9,173
Transfers-Out	(2,500)	(4,173)	(2,500)		(9,173)
Advances-In				20,000	20,000
Advances-Out	(20,000)				(20,000)
Other Financing Sources				80,000	80,000
Total Other Financing Receipts / (Disbursements)	(20,000)	(4,173)	4,173	100,000	80,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,072)	8,251		11,844	17,023
Fund Cash Balances, January 1	318,864	58,626		10,212	387,702
Fund Cash Balances, December 31	<u>\$315,792</u>	<u>\$66,877</u>	<u>\$0</u>	<u>\$22,056</u>	<u>\$404,725</u>

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

**VILLAGE OF OSGOOD
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Local Taxes	\$8,857				\$8,857
Intergovernmental	38,523	\$21,308			59,831
Special Assessments		10,196			10,196
Earnings on Investments	15,557	2,246			17,803
Miscellaneous	2,509				2,509
Total Cash Receipts	<u>65,446</u>	<u>33,750</u>			<u>99,196</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	7,009				7,009
Public Health Services	1,779				1,779
Leisure Time Activities	1,251				1,251
Transportation	396	11,217			11,613
General Government	20,891				20,891
Debt Service:					
Redemption of Principal			\$8,346		8,346
Capital Outlay				\$39,788	39,788
Total Cash Disbursements	<u>31,326</u>	<u>11,217</u>	<u>8,346</u>	<u>39,788</u>	<u>90,677</u>
Total Receipts Over/(Under) Disbursements	<u>34,120</u>	<u>22,533</u>	<u>(8,346)</u>	<u>(39,788)</u>	<u>8,519</u>
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Public Debt:					
Transfers-In			8,346		8,346
Transfers-Out		(8,346)			(8,346)
Advances-In				30,000	30,000
Advances-Out	(30,000)				(30,000)
Other Financing Sources				20,000	20,000
Total Other Financing Receipts / (Disbursements)	<u>(30,000)</u>	<u>(8,346)</u>	<u>8,346</u>	<u>50,000</u>	<u>20,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	4,120	14,187		10,212	28,519
Fund Cash Balances, January 1	<u>314,744</u>	<u>44,439</u>			<u>359,183</u>
Fund Cash Balances, December 31	<u><u>\$318,864</u></u>	<u><u>\$58,626</u></u>	<u><u>\$0</u></u>	<u><u>\$10,212</u></u>	<u><u>\$387,702</u></u>

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

**VILLAGE OF OSGOOD
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Osgood, Darke County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services and park operations.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

State Highway Fund – This fund receives gasoline tax and motor vehicle tax money for maintaining and repairing highways within the Village.

**VILLAGE OF OSGOOD
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Funds

This fund receives transfers from General fund to make payment on OWPC interest free Loan.

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Capital Project Fund – This fund received WPLCF loan proceeds. The monies are being used to construct sanitary sewer project.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

**VILLAGE OF OSGOOD
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (Continued)

	2008	2007
Demand deposits	\$ 40,475	\$ 33,483
STAR Ohio	364,250	354,219
Total deposits and investments	\$404,725	\$387,702

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 51,780	\$ 66,455	\$14,675
Special Revenue	21,500	23,527	2,027
Debt Service	6,673	6,673	
Capital Projects	100,000	100,000	
Total	\$179,953	\$196,655	\$16,702

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$370,000	\$ 69,527	\$300,473
Special Revenue	79,000	15,276	63,724
Debt Service	6,673	6,673	
Capital Projects	110,200	88,156	22,044
Total	\$565,873	\$179,632	\$386,241

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 52,470	\$ 65,446	\$12,976
Special Revenue	17,300	33,750	16,450
Debt Service	8,346	8,346	
Capital Projects	75,000	50,000	(25,000)
Total	\$153,116	\$157,542	\$ 4,426

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$367,000	\$61,326	\$305,674
Special Revenue	61,600	19,563	42,037
Debt Service	8,346	8,346	
Capital Projects	75,000	39,788	35,212
Total	\$511,946	\$129,023	\$382,923

**VILLAGE OF OSGOOD
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. DEBT

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
Ohio Public works Commission Loan	\$ 66,768	0%
WPCLF loan	100,000	0%
Total	\$166,768	

The Ohio Public Works Commission (OWPC) loan relates to a street reconstruction project. The OWPC approved up to \$83,460 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$2,087 over 20 years. The scheduled payment amount below reflects the \$66,768 remaining principal. The repayment of the WPCLF loan of \$100,000 does not begin until the project is completed, which is estimated to be in 2011 or 2012.

Amortization of the above debt is scheduled as follows:

Year ending December 31:	OWPC Loan
2009	\$ 4,173
2010	4,173
2011	4,173
2012	4,173
2013	4,173
2014- 2018	20,865
2019-2023	20,865
2024	4,173
Total	\$66,768

**VILLAGE OF OSGOOD
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. RETIREMENT SYSTEMS

The Village's officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Osgood
Darke County
P.O. Box 177
Osgood, Ohio 45351

To the Mayor and Village Council:

We have audited the financial statements of the Village of Osgood, Darke County, (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 6, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination or significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain internal control matters that we reported to the Village's management in a separate letter dated May 6, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Village's management in a separate letter dated May 6, 2009.

We intend this report solely for the information and use of the management and the Village Council. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

May 6, 2009

VILLAGE OF OSGOOD
DARKE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Financial monitoring by council.	No	Included in separate letter to management.



Mary Taylor, CPA
Auditor of State

VILLAGE OF OSGOOD

DARKE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 28, 2009**