

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

EXAMINATION REPORT  
OF  
CITY OF OAKLAND CITY  
GIBSON COUNTY, INDIANA  
January 1, 2010 to December 31, 2010



**FILED**  
08/23/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Brenda G. Willis	01-01-08 to 12-31-11
Mayor	Alfred J. Cooper	01-01-08 to 12-31-11
President of the City Council	Jerry Richardson	01-01-10 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF OAKLAND CITY, GIBSON COUNTY, INDIANA

We have examined the financial statement(s) of the City of Oakland City (City), for the period of January 1, 2010 to December 31, 2010. The City's management is responsible for the financial statement(s). 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 financial statement(s) and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the City prepares its financial statement(s) 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 years.

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

The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement(s). They have not been subjected to the examination procedures applied to the financial statement(s) and, accordingly, we express no opinion on them.

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

July 27, 2011

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FINANCIAL STATEMENT(S)

CITY OF OAKLAND CITY  
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 Fund	\$ 46,674	\$ 412,601	\$ 458,255	\$ 1,020
Mvh Fund	112,394	78,773	78,495	112,672
Local Road & Street	36,752	16,652	5,813	47,591
Park & Recreation	20,740	37,941	17,083	41,598
Donations	3,188	16,769	12,873	7,084
Edit Fund	96,990	65,455	112,272	50,173
Law Enfor Trg & Education	4,406	1,765	2,371	3,800
Riverboat Wagering	61,192	16,196	5,000	72,388
Storm Water Grant	-	30,000	30,000	-
Donation, Wirth Park	26,536	9,572	8,335	27,773
Fire Dept, Fema Grant li	4	-	4	-
Rainy Day	4,716	6,947	2,592	9,071
Levy Excess Fund	-	1,053	-	1,053
Microenterprise Grant	38	-	-	38
Economic Development	5,799	-	-	5,799
Fire Bldg, Debt Service	6,378	23,107	17,250	12,235
Wirth Park	43	8,700	7,765	978
Cum. Capital Imp.	27,893	7,578	4,500	30,971
Cum. Capital Development	31,710	7,169	12,826	26,053
Police Pension	7,685	-	-	7,685
Payroll	9,513	586,852	582,503	13,862
Cinergy	252	4,280	3,725	807
Sewer Operating	38,679	527,570	455,282	110,967
Sewer Debt Service Reserve	81,500	-	-	81,500
Sewer Customer Deposits	39,610	22,360	16,200	45,770
Sewer Depreciation	71,006	-	-	71,006
Water Operating	181,033	857,313	754,202	284,144
Water Bond & Interest	35,183	87,134	80,088	42,229
Water Debt Service Reserve	80,500	-	-	80,500
Water Depreciation	680	-	-	680
Water Customer Deposit	49,400	15,605	11,830	53,175
Totals	<u>\$ 1,080,494</u>	<u>\$ 2,841,392</u>	<u>\$ 2,679,264</u>	<u>\$ 1,242,622</u>

CITY OF OAKLAND CITY  
NOTES TO FINANCIAL STATEMENT(S)

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor 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 City (primary government), and does not include financial information for any of the City'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 City (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 City.

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.

CITY OF OAKLAND CITY  
NOTES TO FINANCIAL STATEMENT(S)  
(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 City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF OAKLAND CITY  
NOTES TO FINANCIAL STATEMENT(S)  
(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 City 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 City. 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 City. 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 City 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 City 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 City 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.

CITY OF OAKLAND CITY  
NOTES TO FINANCIAL STATEMENT(S)  
(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 City 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 City 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 City 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 City by recording as a disbursement and replacement items purchased.

**Note 6. Pension Plan(s)**

*A. 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 City 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:

CITY OF OAKLAND CITY  
NOTES TO FINANCIAL STATEMENT(S)  
(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 City of Oakland City's Annual Report(s) can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

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

	General Fund	Mvh Fund	Local Road & Street	Park & Recreation	Donations	Edit Fund	Law Enfor Tig & Education	Riverboat Wagering
Cash and investments - beginning	\$ 46,674	\$ 112,394	\$ 36,752	\$ 20,740	\$ 3,188	\$ 96,990	\$ 4,406	\$ 61,192
Receipts:								
Taxes	336,173	-	-	-	-	-	-	-
Licenses and permits	400	-	-	-	-	-	-	-
Intergovernmental	56,539	78,773	16,652	-	-	65,455	-	16,196
Charges for services	6,057	-	-	37,941	-	-	1,765	-
Other receipts	13,432	-	-	-	16,769	-	-	-
Total receipts	412,601	78,773	16,652	37,941	16,769	65,455	1,765	16,196
Disbursements:								
Personal services	276,143	49,114	-	-	-	-	-	5,000
Supplies	5,262	20,663	-	6,830	-	-	2,371	-
Other services and charges	159,410	8,718	5,813	10,253	12,873	112,272	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	17,440	-	-	-	-	-	-	-
Total disbursements	458,255	78,495	5,813	17,083	12,873	112,272	2,371	5,000
Excess (deficiency) of receipts over disbursements	(45,654)	278	10,839	20,858	3,896	(46,817)	(606)	11,196
Cash and investments - ending	\$ 1,020	\$ 112,672	\$ 47,591	\$ 41,598	\$ 7,084	\$ 50,173	\$ 3,800	\$ 72,388

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

	Storm Water Grant	Donation, Wirth Park	Fire Dept, Fema Grant li	Rainy Day	Levy Excess Fund	Microenterprise Grant	Economic Development	Fire Bldg, Debt Service
Cash and investments - beginning	\$ -	\$ 26,536	\$ 4	\$ 4,716	\$ -	\$ 38	\$ 5,799	\$ 6,378
Receipts:								
Taxes	-	-	-	-	1,053	-	-	23,107
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	30,000	-	-	-	-	-	-	-
Charges for services	-	-	-	6,947	-	-	-	-
Other receipts	-	9,572	-	-	-	-	-	-
Total receipts	30,000	9,572	-	6,947	1,053	-	-	23,107
Disbursements:								
Personal services	-	-	4	2,592	-	-	-	17,250
Supplies	-	-	-	-	-	-	-	-
Other services and charges	30,000	8,335	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	30,000	8,335	4	2,592	-	-	-	17,250
Excess (deficiency) of receipts over disbursements	-	1,237	(4)	4,355	1,053	-	-	5,857
Cash and investments - ending	\$ -	\$ 27,773	\$ -	\$ 9,071	\$ 1,053	\$ 38	\$ 5,799	\$ 12,235

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

	Wirth Park	Cum. Capital Imp.	Cum. Capital Development	Police Pension	Payroll	Cinergy	Sewer Operating	Sewer Debt Service Reserve
Cash and investments - beginning	\$ 43	\$ 27,893	\$ 31,710	\$ 7,685	\$ 9,513	\$ 252	\$ 38,679	\$ 81,500
Receipts:								
Taxes	-	-	6,501	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	7,578	668	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Other receipts	8,700	-	-	-	586,852	4,280	527,570	-
Total receipts	8,700	7,578	7,169	-	586,852	4,280	527,570	-
Disbursements:								
Personal services	3,245	-	-	-	-	3,725	-	-
Supplies	35	-	-	-	-	-	-	-
Other services and charges	4,485	-	12,826	-	-	-	-	-
Capital outlay	-	4,500	-	-	-	-	59,158	-
Utility operating expenses	-	-	-	-	-	-	362,646	-
Other disbursements	-	-	-	-	582,503	-	33,478	-
Total disbursements	7,765	4,500	12,826	-	582,503	3,725	455,282	-
Excess (deficiency) of receipts over disbursements	935	3,078	(5,657)	-	4,349	555	72,288	-
Cash and investments - ending	\$ 978	\$ 30,971	\$ 26,053	\$ 7,685	\$ 13,862	\$ 807	\$ 110,967	\$ 81,500

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

	Sewer Customer Deposits	Sewer Depreciation	Water Operating	Water Bond & Interest	Water Debt Service Reserve	Water Depreciation	Water Customer Deposit	Totals
Cash and investments - beginning	\$ 39,610	\$ 71,006	\$ 181,033	\$ 35,183	\$ 80,500	\$ 680	\$ 49,400	\$ 1,080,494
Receipts:								
Taxes	-	-	-	-	-	-	-	366,834
Licenses and permits	-	-	-	-	-	-	-	400
Intergovernmental	-	-	-	-	-	-	-	271,861
Charges for services	-	-	-	-	-	-	-	52,710
Other receipts	22,360	-	857,313	87,134	-	-	15,605	2,149,587
Total receipts	22,360	-	857,313	87,134	-	-	15,605	2,841,392
Disbursements:								
Personal services	-	-	-	-	-	-	-	357,073
Supplies	-	-	-	-	-	-	-	35,161
Other services and charges	-	-	-	-	-	-	-	364,985
Capital outlay	16,200	-	31,791	-	-	-	-	111,649
Utility operating expenses	-	-	546,414	-	-	-	11,830	920,890
Other disbursements	-	-	175,997	80,088	-	-	-	889,506
Total disbursements	16,200	-	754,202	80,088	-	-	11,830	2,679,264
Excess (deficiency) of receipts over disbursements	6,160	-	103,111	7,046	-	-	3,775	162,128
Cash and investments - ending	\$ 45,770	\$ 71,006	\$ 284,144	\$ 42,229	\$ 80,500	\$ 680	\$ 53,175	\$ 1,242,622

CITY OF OAKLAND CITY  
 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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 10,000
Buildings	641,000
Infrastructure	5,413
Machinery and equipment	<u>692,609</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 1,349,022</u></u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Buildings	\$ 291,240
Improvements other than buildings	1,880,686
Machinery and equipment	<u>229,138</u>
 Total Water Utility capital assets	 <u>2,401,064</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Buildings	1,600,352
Improvements other than buildings	933,251
Machinery and equipment	<u>2,302,945</u>
 Total Wastewater Utility capital assets	 <u>4,836,548</u>
 Total business-type activities capital assets	 <u><u>\$ 7,237,612</u></u>

CITY OF OAKLAND CITY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2010

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Storm sewer improvements	\$ 106,000	\$ 46,610
Bonds payable:		
General obligation bonds	<u>94,819</u>	<u>16,637</u>
 Total governmental activities debt	 <u>\$ 200,819</u>	 <u>\$ 63,247</u>
 Business-type Activities:		
Water Utility		
Revenue bonds:		
2002 Water Utility	<u>\$ 785,000</u>	<u>\$ 80,117</u>

CITY OF OAKLAND CITY  
EXIT CONFERENCE

The contents of this report were discussed on July 27, 2011, with Brenda G. Willis, Clerk-Treasurer; Alfred J. Cooper, Mayor; and Jerry Richardson, President of the City Council. Our examination disclosed no material items that warrant comment at this time.