

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF OAKTOWN

KNOX COUNTY, INDIANA

January 1, 2009 to December 31, 2010



FILED
12/06/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Courtney Bedell	01-01-08 to 04-30-09
	Cassey Eubank	05-01-09 to 03-03-10
	Carol Beaman	03-04-10 to 04-30-11
	Peggy Blann	05-01-11 to 12-31-11
President of the Town Council	Tim Axsom	01-01-09 to 12-31-09
	Brandon Groteguth	01-01-10 to 12-31-10
	Tim Axsom	01-01-11 to 12-31-11
Superintendent of Utilities	Chris Conrad	01-01-09 to 05-30-09
	Luke Moronez	06-01-09 to 11-01-10
	Kyle Clark	11-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF OAKTOWN, KNOX COUNTY, INDIANA

We have examined the financial statements of the Town of Oaktown (Town), for the period of January 1, 2009 to December 31, 2010. The Town's management is responsible for the financial statements. 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 statements 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 Town prepares its financial statements 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules 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 statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management and Town Board 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

November 3, 2011

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FINANCIAL STATEMENTS

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 OAKTOWN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 28,329	\$ 76,895	\$ 74,375	\$ 30,849
Motor Vehicle	18,301	12,221	25,502	5,020
Local Road And Street	24,176	4,722	-	28,898
Special Park Donations	1,686	700	666	1,720
Fire	3,976	8,743	12,500	219
Rainy Day	9,542	2,219	-	11,761
Levy Excess	546	-	-	546
Cumulative Capital Development	1,825	2,937	1,800	2,962
Cedit	7,808	3,604	246	11,166
Riverboat	9,425	3,961	8,550	4,836
Cumulative Capital Improvement	1,786	3,688	-	5,474
Payroll	6,313	54,566	78,582	(17,703)
Sewer Operating	(2,241)	208,953	211,212	(4,500)
Sewer Bond And Interest	25,844	60,001	59,400	26,445
Sewer Depreciation	78,038	10,546	19,000	69,584
Sewer Reserve	55,500	6,000	-	61,500
Water Utility - Operating	10,672	158,229	169,825	(924)
Water Utility - Bond And Interest	81,128	67,200	66,115	82,213
Depreciation	100,016	7,222	2,000	105,238
Meter Deposit	19,034	2,450	500	20,984
Reserve	37,216	6,720	-	43,936
Totals	<u>\$ 518,920</u>	<u>\$ 701,577</u>	<u>\$ 730,273</u>	<u>\$ 490,224</u>

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

TOWN OF OAKTOWN
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	\$ 30,849	\$ 121,424	\$ 125,918	\$ 26,355
Motor Vehicle	5,020	16,776	19,468	2,328
Local Road And Street	28,898	3,100	-	31,998
Special Park Donations	1,720	100	1,591	229
Fire	219	11,915	12,500	(366)
Rainy Day	11,761	-	-	11,761
Levy Excess	546	109	-	655
Cumulative Capital Development	2,962	2,261	-	5,223
Cedit	11,166	4,501	-	15,667
Riverboat	4,836	3,962	-	8,798
Cumulative Capital Improvement	5,474	1,853	-	7,327
Payroll	(17,703)	98,904	89,762	(8,561)
Sewer Operating	(4,500)	219,514	233,154	(18,140)
Sewer Bond And Interest	26,445	60,000	59,353	27,092
Sewer Depreciation	9,584	10,955	57,596	(37,057)
Sewer Reserve	121,500	6,000	-	127,500
Water Utility - Operating	(924)	176,527	187,342	(11,739)
Water Utility - Bond And Interest	82,213	60,800	66,360	76,653
Depreciation	105,238	7,954	-	113,192
Meter Deposit	20,984	3,700	1,634	23,050
Reserve	43,936	6,630	-	50,566
Totals	<u>\$ 490,224</u>	<u>\$ 816,985</u>	<u>\$ 854,678</u>	<u>\$ 452,531</u>

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

TOWN OF OAKTOWN
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, culture and recreation, public improvements, general administrative services, water, wastewater, trash, and urban redevelopment and housing.

The accompanying financial statements present the financial information for the Town (primary government), and does not include financial information for any of the Town'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 Town (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 Town.

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.

TOWN OF OAKTOWN
NOTES TO FINANCIAL STATEMENTS
(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.

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 Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

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.

TOWN OF OAKTOWN
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 Town 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 Town. 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 Town. 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 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 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.

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.

TOWN OF OAKTOWN
NOTES TO FINANCIAL STATEMENTS
(Continued)

State statutes authorize 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.

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. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan

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 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 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:

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 Town's Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the Town. It is presented as intended by the Town.

TOWN OF OAKTOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	General	Motor Vehicle	Local Road And Street	Special Park Donations	Fire	Rainy Day
Cash and investments - beginning	\$ 28,329	\$ 18,301	\$ 24,176	\$ 1,686	\$ 3,976	\$ 9,542
Receipts:						
Taxes	24,784	-	-	-	7,004	-
Licenses and permits	5,917	-	-	-	1,739	-
Intergovernmental	10,125	11,901	4,722	-	-	2,219
Charges for services	29,228	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	6,841	320	-	700	-	-
Total receipts	<u>76,895</u>	<u>12,221</u>	<u>4,722</u>	<u>700</u>	<u>8,743</u>	<u>2,219</u>
Disbursements:						
Personal services	13,870	11,973	-	-	-	-
Supplies	2,817	7,341	-	666	-	-
Other services and charges	57,688	6,188	-	-	12,500	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>74,375</u>	<u>25,502</u>	<u>-</u>	<u>666</u>	<u>12,500</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,520</u>	<u>(13,281)</u>	<u>4,722</u>	<u>34</u>	<u>(3,757)</u>	<u>2,219</u>
Cash and investments - ending	<u>\$ 30,849</u>	<u>\$ 5,020</u>	<u>\$ 28,898</u>	<u>\$ 1,720</u>	<u>\$ 219</u>	<u>\$ 11,761</u>

TOWN OF OAKTOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Levy Excess	Cumulative Capital Development	Cedit	Riverboat	Cumulative Capital Improvement	Payroll
Cash and investments - beginning	\$ 546	\$ 1,825	\$ 7,808	\$ 9,425	\$ 1,786	\$ 6,313
Receipts:						
Taxes	-	2,353	-	-	-	-
Licenses and permits	-	584	-	-	-	-
Intergovernmental	-	-	3,604	3,961	3,688	-
Charges for services	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	54,566
Total receipts	-	2,937	3,604	3,961	3,688	54,566
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	246	8,550	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	1,800	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	78,582
Total disbursements	-	1,800	246	8,550	-	78,582
Excess (deficiency) of receipts over disbursements	-	1,137	3,358	(4,589)	3,688	(24,016)
Cash and investments - ending	\$ 546	\$ 2,962	\$ 11,166	\$ 4,836	\$ 5,474	\$ (17,703)

TOWN OF OAKTOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Sewer Operating	Sewer Bond And Interest	Sewer Depreciation	Sewer Reserve	Water Utility -	Operating
Cash and investments - beginning	\$ (2,241)	\$ 25,844	\$ 78,038	\$ 55,500	\$	10,672
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Utility fees	205,895	-	-	-	-	157,593
Other receipts	3,058	60,001	10,546	6,000	-	636
Total receipts	<u>208,953</u>	<u>60,001</u>	<u>10,546</u>	<u>6,000</u>	<u>-</u>	<u>158,229</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	59,400	-	-	-	-
Capital outlay	-	-	19,000	-	-	-
Utility operating expenses	134,402	-	-	-	-	76,592
Other disbursements	76,810	-	-	-	-	93,233
Total disbursements	<u>211,212</u>	<u>59,400</u>	<u>19,000</u>	<u>-</u>	<u>-</u>	<u>169,825</u>
Excess (deficiency) of receipts over disbursements	<u>(2,259)</u>	<u>601</u>	<u>(8,454)</u>	<u>6,000</u>	<u>-</u>	<u>(11,596)</u>
Cash and investments - ending	<u>\$ (4,500)</u>	<u>\$ 26,445</u>	<u>\$ 69,584</u>	<u>\$ 61,500</u>	<u>\$</u>	<u>(924)</u>

TOWN OF OAKTOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Water Utility -	Bond And Interest	Depreciation	Meter Deposit	Reserve	Totals
Cash and investments - beginning	-	\$ 81,128	\$ 100,016	\$ 19,034	\$ 37,216	\$ 518,920
Receipts:						
Taxes	-	-	-	-	-	34,141
Licenses and permits	-	-	-	-	-	8,240
Intergovernmental	-	-	-	-	-	40,220
Charges for services	-	-	-	-	-	29,228
Utility fees	67,200	-	-	-	-	430,688
Other receipts	-	-	7,222	2,450	6,720	159,060
Total receipts	67,200	-	7,222	2,450	6,720	701,577
Disbursements:						
Personal services	-	-	-	-	-	25,843
Supplies	-	-	-	-	-	10,824
Other services and charges	-	-	-	-	-	85,172
Debt service - principal and interest	66,115	-	-	-	-	125,515
Capital outlay	-	-	2,000	-	-	22,800
Utility operating expenses	-	-	-	500	-	211,494
Other disbursements	-	-	-	-	-	248,625
Total disbursements	66,115	-	2,000	500	-	730,273
Excess (deficiency) of receipts over disbursements	-	1,085	5,222	1,950	6,720	(28,696)
Cash and investments - ending	-	\$ 82,213	\$ 105,238	\$ 20,984	\$ 43,936	\$ 490,224

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

	General	Motor Vehicle	Local Road And Street	Special Park Donations	Fire	Rainy Day
Cash and investments - beginning	\$ 30,849	\$ 5,020	\$ 28,898	\$ 1,720	\$ 219	\$ 11,761
Receipts:						
Taxes	22,019	-	-	-	9,832	-
Licenses and permits	4,305	-	-	-	-	-
Intergovernmental	60,950	16,552	3,100	-	2,083	-
Charges for services	29,610	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	4,540	224	-	100	-	-
Total receipts	<u>121,424</u>	<u>16,776</u>	<u>3,100</u>	<u>100</u>	<u>11,915</u>	<u>-</u>
Disbursements:						
Personal services	14,364	9,960	-	-	-	-
Supplies	3,224	5,289	-	1,591	-	-
Other services and charges	58,330	4,219	-	-	12,500	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	50,000	-	-	-	-	-
Total disbursements	<u>125,918</u>	<u>19,468</u>	<u>-</u>	<u>1,591</u>	<u>12,500</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(4,494)</u>	<u>(2,692)</u>	<u>3,100</u>	<u>(1,491)</u>	<u>(585)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 26,355</u>	<u>\$ 2,328</u>	<u>\$ 31,998</u>	<u>\$ 229</u>	<u>\$ (366)</u>	<u>\$ 11,761</u>

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

	Levy Excess	Cumulative Capital Development	Cedit	Riverboat	Cumulative Capital Improvement	Payroll
Cash and investments - beginning	\$ 546	\$ 2,962	\$ 11,166	\$ 4,836	\$ 5,474	\$ (17,703)
Receipts:						
Taxes	-	27	-	-	-	-
Licenses and permits	-	363	-	-	-	-
Intergovernmental	-	1,871	4,501	3,962	-	-
Charges for services	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	109	-	-	-	1,853	98,904
Total receipts	<u>109</u>	<u>2,261</u>	<u>4,501</u>	<u>3,962</u>	<u>1,853</u>	<u>98,904</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	89,762
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,762</u>
Excess (deficiency) of receipts over disbursements	<u>109</u>	<u>2,261</u>	<u>4,501</u>	<u>3,962</u>	<u>1,853</u>	<u>9,142</u>
Cash and investments - ending	<u>\$ 655</u>	<u>\$ 5,223</u>	<u>\$ 15,667</u>	<u>\$ 8,798</u>	<u>\$ 7,327</u>	<u>\$ (8,561)</u>

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

	Sewer Operating	Sewer Bond And Interest	Sewer Depreciation	Sewer Reserve	Water Utility - Operating
Cash and investments - beginning	\$ (4,500)	\$ 26,445	\$ 9,584	\$ 121,500	\$ (924)
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Utility fees	217,304	-	-	-	166,631
Other receipts	2,210	60,000	10,955	6,000	9,896
Total receipts	<u>219,514</u>	<u>60,000</u>	<u>10,955</u>	<u>6,000</u>	<u>176,527</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	59,353	-	-	-
Capital outlay	-	-	57,596	-	-
Utility operating expenses	155,372	-	-	-	98,652
Other disbursements	77,782	-	-	-	88,690
Total disbursements	<u>233,154</u>	<u>59,353</u>	<u>57,596</u>	<u>-</u>	<u>187,342</u>
Excess (deficiency) of receipts over disbursements	<u>(13,640)</u>	<u>647</u>	<u>(46,641)</u>	<u>6,000</u>	<u>(10,815)</u>
Cash and investments - ending	<u>\$ (18,140)</u>	<u>\$ 27,092</u>	<u>\$ (37,057)</u>	<u>\$ 127,500</u>	<u>\$ (11,739)</u>

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

	Water Utility -	Bond And Interest	Depreciation	Meter Deposit	Reserve	Totals
Cash and investments - beginning	-	\$ 82,213	\$ 105,238	\$ 20,984	\$ 43,936	\$ 490,224
Receipts:						
Taxes	-	-	-	-	-	31,878
Licenses and permits	-	-	-	-	-	4,668
Intergovernmental	-	-	-	-	-	93,019
Charges for services	-	-	-	-	-	29,610
Utility fees	-	-	-	-	-	383,935
Other receipts	-	60,800	7,954	3,700	6,630	273,875
Total receipts	-	60,800	7,954	3,700	6,630	816,985
Disbursements:						
Personal services	-	-	-	-	-	24,324
Supplies	-	-	-	-	-	10,104
Other services and charges	-	-	-	-	-	75,049
Debt service - principal and interest	-	66,360	-	-	-	125,713
Capital outlay	-	-	-	-	-	57,596
Utility operating expenses	-	-	-	1,634	-	255,658
Other disbursements	-	-	-	-	-	306,234
Total disbursements	-	66,360	-	1,634	-	854,678
Excess (deficiency) of receipts over disbursements	-	(5,560)	7,954	2,066	6,630	(37,693)
Cash and investments - ending	-	\$ 76,653	\$ 113,192	\$ 23,050	\$ 50,566	\$ 452,531

TOWN OF OAKTOWN
 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.

	Ending Balance
Town:	
Capital assets, not being depreciated:	
Land	\$ 1,600
Buildings	449,945
Machinery and equipment	48,344
Total other capital assets	499,889
Water Utility:	
Capital assets, not being depreciated:	
Land	23,000
Buildings	15,296
Improvements other than buildings	2,179,697
Machinery and equipment	50,675
Total Water Utility capital assets	2,268,668
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	6,883
Buildings	273,230
Improvements other than buildings	1,995,283
Machinery and equipment	48,423
Total Wastewater Utility capital assets	2,323,819
Total capital assets not being depreciated	\$ 5,092,376

TOWN OF OAKTOWN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
1989 series A Waterworks Revenue Bonds	\$ 220,000	\$ 6,000
1989 series B Waterworks Revenue Bonds	23,000	1,000
2006 Waterworks Revenue Bonds	<u>809,000</u>	<u>9,000</u>
Total Water Utility	<u>1,052,000</u>	<u>16,000</u>
Wastewater Utility:		
Revenue bonds:		
1998 Wastewater Revenue Bonds	<u>917,200</u>	<u>18,100</u>
Total Wastewater Utility	<u>917,200</u>	<u>18,100</u>
Total business-type activities debt	<u>\$ 1,969,200</u>	<u>\$ 34,100</u>

TOWN OF OAKTOWN
EXAMINATION RESULTS AND COMMENTS

DEPOSITS

In numerous instances, receipts were deposited later than the next business day.

Indiana Code 5-13-6-1(d) states:

"A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

FUND SOURCES AND USES

In the fall of 2009, some state and county receipts were incorrectly recorded in the Town's ledger.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$908 were paid to the Internal Revenue Service on various dates for various time periods in 2009 and 2010. Penalties and interest totaling \$22 were also paid to Indiana Department of Workforce Development for various quarters in 2009. Finally, penalties and interest were paid to Indiana Department of Revenue for late filings and payments of gross income tax, sales tax, payroll withholdings, and WH-3, in the amount of \$901.

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)

OFFICIAL BOND

The following official bond was not filed in the office of the County Recorder:

Carol Beaman, Clerk-Treasurer, March 4, 2010 to December 31, 2010

TOWN OF OAKTOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

The bonds for Cassey Eubanks, Clerk-Treasurer from May 1, 2009 to March 3, 2010, Carol Beaman, Clerk-Treasurer from March 4, 2010 to April 30, 2011, and Peggy Blann, Clerk-Treasurer from May 1, 2011 to December 31, 2011, were not annual and were not for the minimum amount of \$30,000.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

Indiana Code 5-4-18 (c) states in part:

- "(1) The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee."

OVERDRAWN CASH BALANCES

The cash balance of the Payroll, Sewer Operating, and Water Operating Fund were overdrawn in 2009. The cash balance of the Fire, Payroll, Sewer Operating, Sewer Depreciation, and Water Operating Fund were overdrawn in 2010.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF OAKTOWN
EXIT CONFERENCE

The contents of this report were discussed on November 3, 2011, with Peggy Blann, Clerk-Treasurer; Carol Beaman, former Clerk-Treasurer; and Tim Axsom, President of the Town Council. The officials concurred with our findings.