

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF OLDENBURG

FRANKLIN COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
07/08/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cynthia Laker	01-01-08 to 12-31-15
President of the Town Council	David Wahman	01-01-10 to 12-31-13



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF OLDENBURG, FRANKLIN COUNTY, INDIANA

We have examined the accompanying financial statement of the Town of Oldenburg, for the year ended December 31, 2010. The financial statement is the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statement 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 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 statement 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the year ended December 31, 2010.

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

Our examination was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the financial statement. It has not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on it.

Bruce Hartman
State Examiner

May 9, 2013

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FINANCIAL STATEMENT

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

TOWN OF OLDENBURG
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 498,783	\$ 128,673	\$ 407,493	\$ 219,963
Southwest Franklin County Fire Terr	10,627	101,068	104,717	6,978
Motor Vehicle Highway	63,802	41,472	33,897	71,377
Local Road And Street	6,666	2,693	4,325	5,034
Law Enforcement Continuing Ed	468	150	-	618
Riverboat	52,759	18,653	39,927	31,485
Rainy Day	32,401	14,268	-	46,669
Solid Waste Collection	34,536	10,548	11,575	33,509
Theres Mollaun Grant	6,903	287	-	7,190
Fccf Endowment	231	-	86	145
Se Indiana Solid Waste Dist Grant	3,377	1,500	1,120	3,757
Edit	177,733	22,901	12,091	188,543
Cci	6,803	1,894	6,956	1,741
Wastewater Utility-Operating	83,907	187,490	237,958	33,439
Wastewater Util-Bond And Interest	8,369	365,717	371,036	3,050
Wastewater Utility-Debt Reserve	33,855	-	-	33,855
Water Utility-Operating	248,398	219,490	185,212	282,676
Water Utility-Depreciation/Improve	25,585	6,028	-	31,613
Totals	<u>\$ 1,295,203</u>	<u>\$ 1,122,832</u>	<u>\$ 1,416,393</u>	<u>\$ 1,001,642</u>

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

TOWN OF OLDENBURG
NOTES TO FINANCIAL STATEMENT

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 statement presents the financial information for the Town.

B. Basis of Accounting

The financial statement is 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 statement. The aggregate receipts include 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, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax.

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: copies of public records, copy machine charges, accident report copies, gun permit applications, rental fees, ordinance violations, and fines and fees.

Utility fees which are comprised mostly of charges for current services.

TOWN OF OLDENBURG
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries and wages.

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.

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.

TOWN OF OLDENBURG
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the Town which is 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 approved by management of the Town. It is presented as intended by the Town.

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

	General	Southwest Franklin County Fire Terr	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Riverboat	Rainy Day
Cash and investments - beginning	\$ 498,783	\$ 10,627	\$ 63,802	\$ 6,666	\$ 468	\$ 52,759	\$ 32,401
Receipts:							
Taxes	21,144	89,702	21,144	-	-	-	-
Intergovernmental	75,495	10,943	20,328	2,693	-	18,653	14,268
Charges for services	8	-	-	-	150	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	32,026	423	-	-	-	-	-
Total receipts	<u>128,673</u>	<u>101,068</u>	<u>41,472</u>	<u>2,693</u>	<u>150</u>	<u>18,653</u>	<u>14,268</u>
Disbursements:							
Personal services	44,662	-	3,767	-	-	-	-
Supplies	3,082	-	-	-	-	-	-
Other services and charges	29,454	104,717	30,130	4,325	-	39,927	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	295	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	330,000	-	-	-	-	-	-
Total disbursements	<u>407,493</u>	<u>104,717</u>	<u>33,897</u>	<u>4,325</u>	<u>-</u>	<u>39,927</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(278,820)</u>	<u>(3,649)</u>	<u>7,575</u>	<u>(1,632)</u>	<u>150</u>	<u>(21,274)</u>	<u>14,268</u>
Cash and investments - ending	<u>\$ 219,963</u>	<u>\$ 6,978</u>	<u>\$ 71,377</u>	<u>\$ 5,034</u>	<u>\$ 618</u>	<u>\$ 31,485</u>	<u>\$ 46,669</u>

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

	Solid Waste Collection	Theres Mollaun Grant	Fccf Endowment	Se Indiana Solid Waste Dist Grant	Edit	Cci
Cash and investments - beginning	\$ 34,536	\$ 6,903	\$ 231	\$ 3,377	\$ 177,733	\$ 6,803
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	22,403	1,894
Charges for services	10,548	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	287	-	1,500	498	-
Total receipts	<u>10,548</u>	<u>287</u>	<u>-</u>	<u>1,500</u>	<u>22,901</u>	<u>1,894</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	11,575	-	86	1,120	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	12,091	6,956
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>11,575</u>	<u>-</u>	<u>86</u>	<u>1,120</u>	<u>12,091</u>	<u>6,956</u>
Excess (deficiency) of receipts over disbursements	<u>(1,027)</u>	<u>287</u>	<u>(86)</u>	<u>380</u>	<u>10,810</u>	<u>(5,062)</u>
Cash and investments - ending	<u>\$ 33,509</u>	<u>\$ 7,190</u>	<u>\$ 145</u>	<u>\$ 3,757</u>	<u>\$ 188,543</u>	<u>\$ 1,741</u>

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

	Wastewater Utility-Operating	Wastewater Util-Bond And Interest	Wastewater Utility-Debt Reserve	Water Utility-Operating	Water Utility-Depreciation/Improve	Totals
Cash and investments - beginning	\$ 83,907	\$ 8,369	\$ 33,855	\$ 248,398	\$ 25,585	\$ 1,295,203
Receipts:						
Taxes	-	-	-	-	-	131,990
Intergovernmental	-	-	-	-	-	166,677
Charges for services	-	-	-	-	-	10,706
Utility fees	182,291	-	-	217,899	-	400,190
Other receipts	5,199	365,717	-	1,591	6,028	413,269
Total receipts	<u>187,490</u>	<u>365,717</u>	<u>-</u>	<u>219,490</u>	<u>6,028</u>	<u>1,122,832</u>
Disbursements:						
Personal services	-	-	-	-	-	48,429
Supplies	-	-	-	-	-	3,082
Other services and charges	-	-	-	-	-	221,334
Debt service - principal and interest	-	41,036	-	-	-	41,036
Capital outlay	-	-	-	-	-	19,342
Utility operating expenses	50,825	-	-	132,118	-	182,943
Other disbursements	187,133	330,000	-	53,094	-	900,227
Total disbursements	<u>237,958</u>	<u>371,036</u>	<u>-</u>	<u>185,212</u>	<u>-</u>	<u>1,416,393</u>
Excess (deficiency) of receipts over disbursements	<u>(50,468)</u>	<u>(5,319)</u>	<u>-</u>	<u>34,278</u>	<u>6,028</u>	<u>(293,561)</u>
Cash and investments - ending	<u>\$ 33,439</u>	<u>\$ 3,050</u>	<u>\$ 33,855</u>	<u>\$ 282,676</u>	<u>\$ 31,613</u>	<u>\$ 1,001,642</u>

TOWN OF OLDENBURG
EXIT CONFERENCE

The contents of this report were discussed on May 9, 2013, with Cynthia Laker, Clerk-Treasurer, and David Wahman, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.