

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

EXAMINATION REPORT
OF
TOWN OF OLDENBURG
FRANKLIN COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
12/14/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Supplementary Information:	
Schedule of Capital Assets.....	6
Schedule of Long-Term Debt	7
Examination Results and Comments:	
Handgun Application Fee	8
Optical Image of Warrants.....	8
Capital Asset Records	9
Infrastructure Asset Records	9
Exit Conference.....	10

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Cynthia Laker

01-01-08 to 12-31-11

President of the Town Council

David Wahman

01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Oldenburg (Town), for the period of January 1, 2008 to December 31, 2009. The Town's management is responsible for the financial information presented herein. 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 information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

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

STATE BOARD OF ACCOUNTS

September 23, 2010

TOWN OF OLDENBURG
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 395,361	\$ 124,946	\$ 70,182	\$ 450,125
Motor Vehicle Highway	44,869	42,673	39,288	48,254
Local Road and Street	19,294	2,767	18,000	4,061
FCCF Endowment	-	330	-	330
FCCF Grant	-	6,800	-	6,800
Law Enforcement Continuing Education	207	185	154	238
Riverboat	48,375	18,663	7,932	59,106
Rainy Day	-	18,998	-	18,998
SE IN Solid Waste District Grant	6,475	1,500	1,175	6,800
Solid Waste Collection	32,298	10,512	8,285	34,525
Theresa Mollaun Grant	4,828	-	-	4,828
Cumulative Capital Improvement	10,192	2,104	-	12,296
Economic Development Income Tax	117,553	32,231	469	149,315
Fire Territory	1,737	129,327	130,371	693
Proprietary Funds:				
Water Utility - Operating	119,827	258,557	160,952	217,432
Water Utility - Depreciation	13,044	6,019	-	19,063
Wastewater Utility - Operating	91,513	133,697	146,190	79,020
Wastewater Utility - Bond and Interest	9,015	30,420	30,420	9,015
Wastewater Utility - Depreciation	33,855	-	-	33,855
Wastewater Utility - Planning Grant	-	18,000	18,000	-
Wastewater Utility - Grant	-	3,500	3,500	-
Totals	<u>\$ 948,443</u>	<u>\$ 841,229</u>	<u>\$ 634,918</u>	<u>\$ 1,154,754</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 450,125	\$ 129,786	\$ 81,128	\$ 498,783
Motor Vehicle Highway	48,254	46,304	30,756	63,802
Local Road and Street	4,061	2,605	-	6,666
FCCF Endowment	330	-	99	231
FCCF Grant	6,800	-	6,800	-
Law Enforcement Continuing Education	238	230	-	468
Riverboat	59,106	18,653	25,000	52,759
Rainy Day	18,998	13,403	-	32,401
SE IN Solid Waste District Grant	6,800	2,700	6,123	3,377
Solid Waste Collection	34,525	11,037	11,026	34,536
Theresa Mollaun Grant	4,828	8,342	6,267	6,903
Cumulative Capital Improvement	12,296	1,984	7,477	6,803
Economic Development Income Tax	149,315	36,367	7,949	177,733
Fire Territory	693	119,743	109,809	10,627
Proprietary Funds:				
Water Utility - Operating	217,432	205,156	174,190	248,398
Water Utility - Depreciation	19,063	6,522	-	25,585
Wastewater Utility - Operating	79,020	126,855	121,968	83,907
Wastewater Utility - Bond and Interest	9,015	30,600	31,246	8,369
Wastewater Utility - Depreciation	33,855	-	-	33,855
Wastewater Utility - Planning Grant Federal	-	12,000	12,000	-
Totals	<u>\$ 1,154,754</u>	<u>\$ 772,287</u>	<u>\$ 631,838</u>	<u>\$ 1,295,203</u>

The accompanying notes are an integral part of the financial information.

TOWN OF OLDENBURG
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, roads and streets, solid waste collection, culture and recreation, economic development, general administrative services, and water and wastewater utilities.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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.

TOWN OF OLDENBURG
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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:	
Buildings	\$ 503,000
Machinery and equipment	<u>7,400</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 510,400</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 30,850
Improvements other than buildings	1,396,876
Machinery and equipment	<u>8,948</u>
Total Water Utility capital assets	<u>1,436,674</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	7,250
Buildings	231,605
Improvements other than buildings	1,699,372
Machinery and equipment	226,491
Construction in progress	<u>30,500</u>
Total Wastewater Utility capital assets	<u>2,195,218</u>
Total business-type activities capital assets	<u>\$ 3,631,892</u>

TOWN OF OLDENBURG
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
Wastewater improvement bonds A	\$ 329,000	\$ 8,000
Wastewater improvement bonds B	<u>13,000</u>	<u>1,000</u>
Total Wastewater Utility	<u>\$ 342,000</u>	<u>\$ 9,000</u>

TOWN OF OLDENBURG
EXAMINATION RESULTS AND COMMENTS

HANDGUN APPLICATION FEE

The Oldenburg Police Department did not always collect the proper amount for handgun application fees during 2008 and 2009.

IC 35-47-2-3(b) states in part:

"The law enforcement agency which accepts an application for a handgun license shall collect the following application fees:

- (1) From a person applying for a four (4) year handgun license, a ten dollar (\$10) application fee, five dollars (\$5) of which shall be refunded if the license is not issued.
- (2) From a person applying for a lifetime handgun license who does not currently possess a valid Indiana handgun license, a fifty dollar (\$50) application fee, thirty dollars (\$30) of which shall be refunded if the license is not issued.
- (3) From a person applying for a lifetime handgun license who currently possesses a valid Indiana handgun license, a forty dollar (\$40) application fee, thirty dollars (\$30) of which shall be refunded if the license is not issued."

OPTICAL IMAGES OF WARRANTS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

IC 5-15-6-3(a) concerning optical imaging of checks states in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Furthermore, IC 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

TOWN OF OLDENBURG
EXAMINATION RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS

The Water Utility and the Wastewater Utility do not maintain detailed records of capital assets. The utilities did prepare a physical inventory with estimated costs at December 31, 2008 and 2009.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

INFRASTRUCTURE ASSET RECORDS

The Town does not record infrastructure assets in the capital asset records.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF OLDENBURG
EXIT CONFERENCE

The contents of this report were discussed on September 23, 2010, with Cynthia Laker, Clerk-Treasurer. The official concurred with our findings.