

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

TOWN OF OLDENBURG  
FRANKLIN COUNTY, INDIANA

January 1, 2011 to December 31, 2012



**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	01-01-11 to 12-31-13



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT

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

***Report on the Financial Statement***

We have audited the accompanying financial statement of the Town of Oldenburg (Town), which comprises the financial position and results of operations for the period of January 1, 2011 to December 31, 2012, and the related notes to the financial statement.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the Town prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2011 to December 31, 2012.

***Opinion on Regulatory Basis of Accounting***

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 period of January 1, 2011 to December 31, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated May 9, 2013, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

***Accompanying Information***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to

INDEPENDENT AUDITOR'S REPORT  
(Continued)

the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.



Bruce Hartman  
State Examiner

May 9, 2013



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Town of Oldenburg (Town), which comprises the financial position and results of operations for the period of January 1, 2011 to December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated May 9, 2013, wherein we noted the Town followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be material weaknesses.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

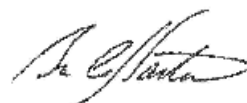
was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Town of Oldenburg's Response to Findings***

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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.

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TOWN OF OLDENBURG  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Years Ended December 31, 2011 And 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
General	\$ 219,963	\$ 127,160	\$ 80,158	\$ 266,965	\$ 146,469	\$ 76,608	\$ 336,826
Motor Vehicle Highway	71,377	42,374	33,703	80,048	44,921	22,597	102,372
Local Road And Street	5,034	2,614	3,218	4,430	2,770	1,892	5,308
Law Enforcement Continuing Ed	618	250	-	868	50	275	643
Riverboat	31,485	18,653	25,000	25,138	18,597	10,000	33,735
Rainy Day	46,669	-	-	46,669	-	-	46,669
Edit	188,543	20,578	8,253	200,868	25,454	20,000	206,322
Southwest Franklin County Fire Terr	6,978	102,771	102,243	7,506	105,014	107,356	5,164
Solid Waste Collection	33,509	10,564	11,968	32,105	10,556	16,000	26,661
Theres Mollaun Grant	7,190	2,028	752	8,466	1,754	2,778	7,442
Fccf Endowment	145	380	-	525	450	-	975
Se Indiana Solid Waste Dist Grant	3,757	5,450	2,245	6,962	3,250	5,499	4,713
Cci	1,741	1,858	-	3,599	1,788	2,500	2,887
Wastewater Utility-Operating	33,439	173,315	168,788	37,966	196,491	175,502	58,955
Wastewater Util-Bond And Interest	3,050	36,501	36,492	3,059	36,492	36,492	3,059
Planning Grant Local	-	300,000	157,343	142,657	397	143,054	-
Wastewater Utility-Debt Reserve	33,855	-	-	33,855	-	-	33,855
Planning Grant Fed/State	-	808,628	808,628	-	188,910	188,910	-
Water Utility-Operating	282,676	1,013,787	1,122,123	174,340	418,665	405,734	187,271
Water Utility-Depreciation/Improve	31,613	6,030	-	37,643	5,529	-	43,172
Totals	<u>\$ 1,001,642</u>	<u>\$ 2,672,941</u>	<u>\$ 2,560,914</u>	<u>\$ 1,113,669</u>	<u>\$ 1,207,557</u>	<u>\$ 1,215,197</u>	<u>\$ 1,106,029</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.

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: building and planning permits, sign permits, and gun permits.

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 and riverboat receipts received from the county.

TOWN OF OLDENBURG  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Charges for services which can include, but are not limited to the following: planning commission charges, copies of public records, accident report copies, gun permit applications, rental fees, ordinance violations, fines and fees.

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 statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, 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.

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, and resolution.

*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.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Report information 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 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 audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor'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, 2011

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Riverboat	Rainy Day	Edit
Cash and investments - beginning	\$ 219,963	\$ 71,377	\$ 5,034	\$ 618	\$ 31,485	\$ 46,669	\$ 188,543
Receipts:							
Taxes	21,711	21,836	-	-	-	-	-
Licenses and permits	4	-	-	250	-	-	-
Intergovernmental	65,937	20,538	2,614	-	18,653	-	20,228
Charges for services	500	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	39,008	-	-	-	-	-	350
Total receipts	<u>127,160</u>	<u>42,374</u>	<u>2,614</u>	<u>250</u>	<u>18,653</u>	<u>-</u>	<u>20,578</u>
Disbursements:							
Personal services	44,225	3,768	-	-	-	-	-
Supplies	4,698	-	-	-	-	-	-
Other services and charges	29,986	29,935	3,218	-	25,000	-	-
Capital outlay	1,249	-	-	-	-	-	8,253
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>80,158</u>	<u>33,703</u>	<u>3,218</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>8,253</u>
Excess (deficiency) of receipts over disbursements	<u>47,002</u>	<u>8,671</u>	<u>(604)</u>	<u>250</u>	<u>(6,347)</u>	<u>-</u>	<u>12,325</u>
Cash and investments - ending	<u>\$ 266,965</u>	<u>\$ 80,048</u>	<u>\$ 4,430</u>	<u>\$ 868</u>	<u>\$ 25,138</u>	<u>\$ 46,669</u>	<u>\$ 200,868</u>

TOWN OF OLDENBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Southwest Franklin County Fire Terr	Solid Waste Collection	Theres Mollaun Grant	Fccf Endowment	Se Indiana Solid Waste Dist Grant	Cci	Wastewater Utility-Operating
Cash and investments - beginning	\$ 6,978	\$ 33,509	\$ 7,190	\$ 145	\$ 3,757	\$ 1,741	\$ 33,439
Receipts:							
Taxes	91,363	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	11,404	-	-	-	-	1,858	-
Charges for services	-	10,564	-	-	-	-	-
Utility fees	-	-	-	-	-	-	172,240
Other receipts	4	-	2,028	380	5,450	-	1,075
Total receipts	102,771	10,564	2,028	380	5,450	1,858	173,315
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	102,243	11,968	752	-	1,402	-	-
Capital outlay	-	-	-	-	843	-	-
Utility operating expenses	-	-	-	-	-	-	104,983
Other disbursements	-	-	-	-	-	-	63,805
Total disbursements	102,243	11,968	752	-	2,245	-	168,788
Excess (deficiency) of receipts over disbursements	528	(1,404)	1,276	380	3,205	1,858	4,527
Cash and investments - ending	\$ 7,506	\$ 32,105	\$ 8,466	\$ 525	\$ 6,962	\$ 3,599	\$ 37,966

TOWN OF OLDENBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Wastewater Util-Bond And Interest	Planning Grant Local	Wastewater Utility-Debt Reserve	Planning Grant Fed/State	Water Utility-Operating	Water Utility-Depreciation/Improve	Totals
Cash and investments - beginning	\$ 3,050	\$ -	\$ 33,855	\$ -	\$ 282,676	\$ 31,613	\$ 1,001,642
Receipts:							
Taxes	-	-	-	-	-	-	134,910
Licenses and permits	-	-	-	-	-	-	254
Intergovernmental	-	-	-	-	-	-	141,232
Charges for services	-	-	-	-	-	-	11,064
Utility fees	-	-	-	-	193,889	-	366,129
Other receipts	36,501	300,000	-	808,628	819,898	6,030	2,019,352
Total receipts	<u>36,501</u>	<u>300,000</u>	<u>-</u>	<u>808,628</u>	<u>1,013,787</u>	<u>6,030</u>	<u>2,672,941</u>
Disbursements:							
Personal services	-	-	-	-	-	-	47,993
Supplies	-	-	-	-	-	-	4,698
Other services and charges	-	-	-	-	-	-	204,504
Capital outlay	-	157,343	-	808,628	-	-	976,316
Utility operating expenses	-	-	-	-	157,495	-	262,478
Other disbursements	36,492	-	-	-	964,628	-	1,064,925
Total disbursements	<u>36,492</u>	<u>157,343</u>	<u>-</u>	<u>808,628</u>	<u>1,122,123</u>	<u>-</u>	<u>2,560,914</u>
Excess (deficiency) of receipts over disbursements	<u>9</u>	<u>142,657</u>	<u>-</u>	<u>-</u>	<u>(108,336)</u>	<u>6,030</u>	<u>112,027</u>
Cash and investments - ending	<u>\$ 3,059</u>	<u>\$ 142,657</u>	<u>\$ 33,855</u>	<u>\$ -</u>	<u>\$ 174,340</u>	<u>\$ 37,643</u>	<u>\$ 1,113,669</u>

TOWN OF OLDENBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Riverboat	Rainy Day	Edit
Cash and investments - beginning	\$ 266,965	\$ 80,048	\$ 4,430	\$ 868	\$ 25,138	\$ 46,669	\$ 200,868
Receipts:							
Taxes	24,742	24,742	-	-	-	-	-
Licenses and permits	2	-	-	50	-	-	-
Intergovernmental	82,471	20,179	2,770	-	18,597	-	25,317
Charges for services	500	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	38,754	-	-	-	-	-	137
Total receipts	<u>146,469</u>	<u>44,921</u>	<u>2,770</u>	<u>50</u>	<u>18,597</u>	<u>-</u>	<u>25,454</u>
Disbursements:							
Personal services	44,855	3,767	-	-	-	-	-
Supplies	3,902	13,830	1,892	-	-	-	-
Other services and charges	27,670	5,000	-	275	10,000	-	-
Capital outlay	181	-	-	-	-	-	20,000
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>76,608</u>	<u>22,597</u>	<u>1,892</u>	<u>275</u>	<u>10,000</u>	<u>-</u>	<u>20,000</u>
Excess (deficiency) of receipts over disbursements	<u>69,861</u>	<u>22,324</u>	<u>878</u>	<u>(225)</u>	<u>8,597</u>	<u>-</u>	<u>5,454</u>
Cash and investments - ending	<u>\$ 336,826</u>	<u>\$ 102,372</u>	<u>\$ 5,308</u>	<u>\$ 643</u>	<u>\$ 33,735</u>	<u>\$ 46,669</u>	<u>\$ 206,322</u>

TOWN OF OLDENBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Southwest Franklin County Fire Terr	Solid Waste Collection	Theres Mollaun Grant	Fccf Endowment	Se Indiana Solid Waste Dist Grant	Cci	Wastewater Utility-Operating
Cash and investments - beginning	\$ 7,506	\$ 32,105	\$ 8,466	\$ 525	\$ 6,962	\$ 3,599	\$ 37,966
Receipts:							
Taxes	95,159	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	9,843	-	-	-	-	1,788	-
Charges for services	-	10,556	-	-	-	-	-
Utility fees	-	-	-	-	-	-	196,328
Other receipts	12	-	1,754	450	3,250	-	163
Total receipts	105,014	10,556	1,754	450	3,250	1,788	196,491
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	107,356	16,000	-	-	-	-	-
Capital outlay	-	-	2,778	-	5,499	2,500	-
Utility operating expenses	-	-	-	-	-	-	104,271
Other disbursements	-	-	-	-	-	-	71,231
Total disbursements	107,356	16,000	2,778	-	5,499	2,500	175,502
Excess (deficiency) of receipts over disbursements	(2,342)	(5,444)	(1,024)	450	(2,249)	(712)	20,989
Cash and investments - ending	\$ 5,164	\$ 26,661	\$ 7,442	\$ 975	\$ 4,713	\$ 2,887	\$ 58,955

TOWN OF OLDENBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Wastewater Util-Bond And Interest	Planning Grant Local	Wastewater Utility-Debt Reserve	Planning Grant Fed/State	Water Utility-Operating	Water Utility-Depreciation/Improve	Totals
Cash and investments - beginning	\$ 3,059	\$ 142,657	\$ 33,855	\$ -	\$ 174,340	\$ 37,643	\$ 1,113,669
Receipts:							
Taxes	-	-	-	-	-	-	144,643
Licenses and permits	-	-	-	-	-	-	52
Intergovernmental	-	-	-	188,910	-	-	349,875
Charges for services	-	-	-	-	-	-	11,056
Utility fees	-	-	-	-	215,752	29	412,109
Other receipts	36,492	397	-	-	202,913	5,500	289,822
Total receipts	36,492	397	-	188,910	418,665	5,529	1,207,557
Disbursements:							
Personal services	-	-	-	-	-	-	48,622
Supplies	-	-	-	-	-	-	19,624
Other services and charges	-	-	-	-	-	-	166,301
Capital outlay	-	143,054	-	-	-	-	174,012
Utility operating expenses	-	-	-	-	197,577	-	301,848
Other disbursements	36,492	-	-	188,910	208,157	-	504,790
Total disbursements	36,492	143,054	-	188,910	405,734	-	1,215,197
Excess (deficiency) of receipts over disbursements	-	(142,657)	-	-	12,931	5,529	(7,640)
Cash and investments - ending	\$ 3,059	\$ -	\$ 33,855	\$ -	\$ 187,271	\$ 43,172	\$ 1,106,029

TOWN OF OLDENBURG  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2012

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Wastewater:			
Notes and loans payable	Utility Loan - Town of Oldenburg	\$ 245,654	\$ 36,492
Notes and loans payable	Utility Loan - Water Revenue	124,821	15,769
Notes and loans payable	Utility Loan - Main Source Bank	<u>127,191</u>	<u>18,573</u>
Total Wastewater		<u>497,666</u>	<u>70,834</u>
Totals		<u>\$ 497,666</u>	<u>\$ 70,834</u>

TOWN OF OLDENBURG  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2012

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
Governmental activities:	
Buildings	\$ 503,000
Machinery, equipment, and vehicles	8,300
Books and other	755
Total governmental activities	512,055
Wastewater:	
Land	7,250
Buildings	231,605
Improvements other than buildings	1,712,852
Machinery, equipment, and vehicles	1,069,391
Total Wastewater	3,021,098
Water:	
Land	30,861
Improvements other than buildings	1,396,876
Machinery, equipment, and vehicles	18,769
Total Water	1,446,506
Total capital assets	\$ 4,979,659

TOWN OF OLDENBURG  
AUDIT RESULT AND COMMENT

***INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

Due to a small number of employees being assigned financial related duties, the Town has not been able to segregate duties related to receipts, disbursements, payroll, and cash and investment balances. The lack of segregation of duties over key financial areas could enable material misstatements or irregularities to occur and remain undetected for an extended period of time.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Cities and Town, Chapter 7)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**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](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

***Report on Compliance for Each Major Federal Program***

We have audited the Town of Oldenburg's (Town) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the period of January 1, 2011 to December 31, 2012. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the period of January 1, 2011 to December 31, 2012.

***Report on Internal Control Over Compliance***

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the type of requirements

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Bruce Hartman  
State Examiner

May 9, 2013

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the Town. The schedule and note are presented as intended by the Town.

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TOWN OF OLDENBURG  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Years Ended December 31, 2011 and 2012

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-11	Total Federal Awards Expended 12-31-12
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Lieutenant Governor				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228			
Wastewater Plant Project		DR2-09-100	<u>\$ 808,628</u>	<u>\$ 188,910</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF OLDENBURG  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Oldenburg and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.



TOWN OF OLDENBURG  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***Section II – Financial Statement Findings***

***FINDING 2012-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

Due to a small number of employees being assigned financial related duties, the Town has not been able to segregate duties related to receipts, disbursements, payroll, and cash and investment balances. The lack of segregation of duties over key financial areas could enable material misstatements or irregularities to occur and remain undetected for an extended period of time.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Cities and Towns, Chapter 7)

We recommended that the Town implement internal control activities that will ensure the achievement of financial reporting objectives.

***Section III – Federal Award Findings and Questioned Costs***

No matters are reportable.

**TOWN OF OLDENBURG**  
P.O. BOX 65  
OLDENBURG, IN 47036

Corrective Action Plan

Finding No. 2012-1 Internal Control Over Financial Transactions And Reporting.

Cindy Laker  
Clerk Treasurer  
812-934-2167  
Effective Immediately

The Clerk Treasurer will have a board member look over and approve the balancing of the check register each month.

The Town Council approves all account payable vouchers before checks are written.

The Town Council approves the payroll voucher.

The budget is reviewed by the councilmembers before it is submitted at the budget workshop.

The council reviews the financial statement at the end of the each year.

The Clerk Treasurer will sign all payroll vouchers for the utility.

A Utility Board Member will look over and approve the balancing of the check register each month along with the balancing of the account receivables.

**TOWN OF OLDENBURG**  
P.O. BOX 65  
OLDENBURG, IN 47036

Utility Board approves all account payable vouchers before checks are written.

Totals for the financial statement from the utility clerk will be given to the Clerk Treasurer.

All will go into effect immediately.

Due to the size of our town it is not feasible or cost effective to hire different individuals for account receivable and account payables. We feel with the Town Councilmen and the utility board reviewing each report monthly this will lower any risk of incorrect reporting or fraud.

Signed: Jan R. Warner

Title: Council President

Date: May 6 2013

Signed: Cynthia Loken

Title: Clerk Treasurer

Date: May 6 2013

TOWN OF OLDENBURG  
EXIT CONFERENCE

The contents of this report were discussed on May 9, 2013, with David Wahman, President of the Town Council, and Cynthia Laker, Clerk-Treasurer.