

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF OAKLAND CITY
GIBSON COUNTY, INDIANA

January 1, 2015 to December 31, 2015



FILED
05/19/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Brenda G. Willis	01-01-12 to 12-31-19
Mayor	Hugh Wirth	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	Hugh Wirth	01-01-15 to 12-31-17
President Pro Tempore of the Common Council	Jerry Richardson (Vacant) Bret Kramer Anne Meyers Pat Vinnedge	01-01-15 to 05-26-15 05-27-15 to 06-22-15 06-23-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Oakland City (City), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement as listed in the Table of Contents.

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 (Indiana Code 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 from 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 City'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 City'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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

As discussed in Note 1 to the financial statement, the City 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.

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.

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 City for the year ended December 31, 2015.

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 City for the year ended December 31, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 records used to prepare the financial statement. The information has been subjected to 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.


Other Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, and Schedule of Leases and Debt, 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 29, 2017, on our consideration of the City'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 City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

March 29, 2017



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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 CITY OF OAKLAND CITY, GIBSON 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 City of Oakland City (City), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement, and have issued our report thereon dated March 29, 2017, wherein we noted the City 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 City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 City's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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


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)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 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*.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 29, 2017

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF OAKLAND CITY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2015

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
General Fund	\$ 11,599	\$ 456,033	\$ 456,742	\$ 10,890
MVH Fund	112,250	104,080	168,415	47,915
Local Road and Street	32,894	9,410	-	42,304
Park and Recreation	19,557	63,585	43,985	39,157
Wirth Park	551	30,778	25,197	6,132
Economic Development	6,384	700	4,905	2,179
EDIT Fund	170,584	98,415	31,855	237,144
Emergency Storm Fund	3,000	-	-	3,000
Law Enforcement Training and Education	3,800	2,564	1,637	4,727
Rainy Day	7,466	-	-	7,466
Levy Excess Fund	1,053	-	-	1,053
Cumulative Capital Development	11,400	15,669	11,775	15,294
Community Development Art	2,930	800	2,926	804
Storm Sewer	3,402	-	-	3,402
Fire Bldg Debt Service	5,842	12,014	17,855	1
Donation Wirth Park	2,923	12,459	15,000	382
Riverboat Wagering	84,135	14,389	4,512	94,012
Cumulative Capital Improvement	21,876	6,101	5,689	22,288
Insurance Refund	45,645	1,596,282	1,586,061	55,866
Police Pension	7,685	-	-	7,685
Cinergy	420	1,441	1,825	36
Donations	18,148	28,201	12,238	34,111
Payroll	2,605	655,963	653,579	4,989
Sewer Operating and Maintenance and Improvement	130,708	634,370	729,757	35,321
Sewer Deposits	63,078	19,982	16,180	66,880
Sewer Asset Management	169,057	44,545	-	213,602
Sewer Bond and Interest	137,838	200,169	213,847	124,160
Sewer Debt Service Reserve Investment	81,500	-	-	81,500
Sewer Debt Service Reserve	57,810	15,233	-	73,043
Water Construction - Grant	132,410	1,714,646	1,818,216	28,840
Water Operating #1	78,954	719,183	751,937	46,200
Water Deposits	61,970	13,989	11,439	64,520
Water Debt Service Reserve	16,392	6,490	-	22,882
#2 Water Improvement	680	-	-	680
Water Bond and Interest	88,476	169,722	202,195	56,003
Water Asset Management	127,781	41,091	151,861	17,011
Totals	<u>\$ 1,722,803</u>	<u>\$ 6,688,304</u>	<u>\$ 6,939,628</u>	<u>\$ 1,471,479</u>

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

CITY OF OAKLAND CITY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits. Amounts received from businesses, occupations, or non-businesses 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF OAKLAND CITY
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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.

Other receipts. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but 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.

CITY OF OAKLAND CITY
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Interfund Transfers

The City may, from time to time, make transfers from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

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.

CITY OF OAKLAND CITY
NOTES TO FINANCIAL STATEMENT
(Continued)

State statutes authorize the City to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing 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 Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

CITY OF OAKLAND CITY
NOTES TO FINANCIAL STATEMENT
(Continued)

B. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS 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:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

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OTHER INFORMATION - UNAUDITED

The City's Annual Financial 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 City's Annual Financial Report 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 other information presented was approved by management of the City. It is presented as intended by the City.

CITY OF OAKLAND CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

	General Fund	MVH Fund	Local Road and Street	Park and Recreation	Wirth Park	Economic Development	EDIT Fund
Cash and investments - beginning	\$ 11,599	\$ 112,250	\$ 32,894	\$ 19,557	\$ 551	\$ 6,384	\$ 170,584
Receipts:							
Taxes	385,433	13,985	-	-	30,778	-	-
Licenses and permits	1,155	-	-	-	-	-	-
Intergovernmental receipts	59,634	88,048	9,410	-	-	-	98,415
Other receipts	9,811	2,047	-	63,585	-	700	-
Total receipts	<u>456,033</u>	<u>104,080</u>	<u>9,410</u>	<u>63,585</u>	<u>30,778</u>	<u>700</u>	<u>98,415</u>
Disbursements:							
Personal services	288,834	42,945	-	-	7,215	-	-
Supplies	25,089	116,375	-	21,294	15,501	-	-
Other services and charges	133,266	7,441	-	22,691	2,481	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	1,654	-	-	-	-	31,855
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	9,553	-	-	-	-	4,905	-
Total disbursements	<u>456,742</u>	<u>168,415</u>	<u>-</u>	<u>43,985</u>	<u>25,197</u>	<u>4,905</u>	<u>31,855</u>
Excess (deficiency) of receipts over disbursements	<u>(709)</u>	<u>(64,335)</u>	<u>9,410</u>	<u>19,600</u>	<u>5,581</u>	<u>(4,205)</u>	<u>66,560</u>
Cash and investments - ending	<u>\$ 10,890</u>	<u>\$ 47,915</u>	<u>\$ 42,304</u>	<u>\$ 39,157</u>	<u>\$ 6,132</u>	<u>\$ 2,179</u>	<u>\$ 237,144</u>

CITY OF OAKLAND CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Emergency Storm Fund	Law Enforcement Training and Education	Rainy Day	Levy Excess Fund	Cumulative Capital Development	Community Development Art
Cash and investments - beginning	\$ 3,000	\$ 3,800	\$ 7,466	\$ 1,053	\$ 11,400	\$ 2,930
Receipts:						
Taxes	-	-	-	-	12,722	-
Licenses and permits	-	2,564	-	-	-	-
Intergovernmental receipts	-	-	-	-	2,947	-
Other receipts	-	-	-	-	-	800
Total receipts	-	2,564	-	-	15,669	800
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	6,800	-
Other services and charges	-	1,637	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	4,975	2,926
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	1,637	-	-	11,775	2,926
Excess (deficiency) of receipts over disbursements	-	927	-	-	3,894	(2,126)
Cash and investments - ending	<u>\$ 3,000</u>	<u>\$ 4,727</u>	<u>\$ 7,466</u>	<u>\$ 1,053</u>	<u>\$ 15,294</u>	<u>\$ 804</u>

CITY OF OAKLAND CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Storm Sewer	Fire Bldg Debt Service	Donation Wirth Park	Riverboat Wagering	Cumulative Capital Improvement	Insurance Refund
Cash and investments - beginning	\$ 3,402	\$ 5,842	\$ 2,923	\$ 84,135	\$ 21,876	\$ 45,645
Receipts:						
Taxes	-	12,014	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	14,389	6,101	-
Other receipts	-	-	12,459	-	-	1,596,282
Total receipts	-	12,014	12,459	14,389	6,101	1,596,282
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	15,000	-	500	-
Other services and charges	-	-	-	4,512	-	1,586,061
Debt service - principal and interest	-	17,855	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	5,189	-
Total disbursements	-	17,855	15,000	4,512	5,689	1,586,061
Excess (deficiency) of receipts over disbursements	-	(5,841)	(2,541)	9,877	412	10,221
Cash and investments - ending	<u>\$ 3,402</u>	<u>\$ 1</u>	<u>\$ 382</u>	<u>\$ 94,012</u>	<u>\$ 22,288</u>	<u>\$ 55,866</u>

CITY OF OAKLAND CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Police Pension	Cinergy	Donations	Payroll	Sewer Operating and Maintenance and Improvement	Sewer Deposits
Cash and investments - beginning	\$ 7,685	\$ 420	\$ 18,148	\$ 2,605	\$ 130,708	\$ 63,078
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Other receipts	-	1,441	28,201	655,963	634,370	19,982
Total receipts	-	1,441	28,201	655,963	634,370	19,982
Disbursements:						
Personal services	-	-	-	461,077	177,445	-
Supplies	-	-	-	-	-	-
Other services and charges	-	1,825	12,238	-	63,290	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	10,929	-
Utility operating expenses	-	-	-	-	278,033	16,180
Other disbursements	-	-	-	192,502	200,060	-
Total disbursements	-	1,825	12,238	653,579	729,757	16,180
Excess (deficiency) of receipts over disbursements	-	(384)	15,963	2,384	(95,387)	3,802
Cash and investments - ending	<u>\$ 7,685</u>	<u>\$ 36</u>	<u>\$ 34,111</u>	<u>\$ 4,989</u>	<u>\$ 35,321</u>	<u>\$ 66,880</u>

CITY OF OAKLAND CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Sewer Asset Management	Sewer Bond and Interest	Sewer Debt Service Reserve Investment	Sewer Debt Service Reserve	Water Construction - Grant	Water Operating #1
Cash and investments - beginning	\$ 169,057	\$ 137,838	\$ 81,500	\$ 57,810	\$ 132,410	\$ 78,954
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	1,714,646	-
Other receipts	44,545	200,169	-	15,233	-	719,183
Total receipts	44,545	200,169	-	15,233	1,714,646	719,183
Disbursements:						
Personal services	-	-	-	-	-	155,960
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	61,332
Debt service - principal and interest	-	(42,193)	-	-	-	-
Capital outlay	-	256,040	-	-	1,818,216	22,523
Utility operating expenses	-	-	-	-	-	342,413
Other disbursements	-	-	-	-	-	169,709
Total disbursements	-	213,847	-	-	1,818,216	751,937
Excess (deficiency) of receipts over disbursements	44,545	(13,678)	-	15,233	(103,570)	(32,754)
Cash and investments - ending	<u>\$ 213,602</u>	<u>\$ 124,160</u>	<u>\$ 81,500</u>	<u>\$ 73,043</u>	<u>\$ 28,840</u>	<u>\$ 46,200</u>

CITY OF OAKLAND CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Water Deposits	Water Debt Service Reserve	#2 Water Improvement	Water Bond and Interest	Water Asset Management	Totals
Cash and investments - beginning	\$ 61,970	\$ 16,392	\$ 680	\$ 88,476	\$ 127,781	\$ 1,722,803
Receipts:						
Taxes	-	-	-	-	-	454,932
Licenses and permits	-	-	-	-	-	3,719
Intergovernmental receipts	-	-	-	-	-	1,993,590
Other receipts	13,989	6,490	-	169,722	41,091	4,236,063
Total receipts	13,989	6,490	-	169,722	41,091	6,688,304
Disbursements:						
Personal services	-	-	-	-	-	1,133,476
Supplies	-	-	-	-	-	200,559
Other services and charges	-	-	-	-	-	1,896,774
Debt service - principal and interest	-	-	-	202,195	-	177,857
Capital outlay	-	-	-	-	-	2,149,118
Utility operating expenses	11,439	-	-	-	-	648,065
Other disbursements	-	-	-	-	151,861	733,779
Total disbursements	11,439	-	-	202,195	151,861	6,939,628
Excess (deficiency) of receipts over disbursements	2,550	6,490	-	(32,473)	(110,770)	(251,324)
Cash and investments - ending	\$ 64,520	\$ 22,882	\$ 680	\$ 56,003	\$ 17,011	\$ 1,471,479

CITY OF OAKLAND CITY
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2015

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 25,381	\$ 2,871
Wastewater	1,743	45,166
Water	<u>1,233</u>	<u>55,392</u>
Totals	<u>\$ 28,357</u>	<u>\$ 103,429</u>

CITY OF OAKLAND CITY
SCHEDULE OF LEASES AND DEBT
December 31, 2015

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Fire Building Dept	\$ 24,819	\$ 17,051
Wastewater:			
Revenue bonds	Wastewater Improvements	4,031,000	153,075
Revenue bonds	Meter Project 2014	<u>481,600</u>	<u>38,847</u>
Total Wastewater		<u>4,512,600</u>	<u>191,922</u>
Water:			
Revenue bonds	Meter Project 2014	481,600	38,847
Revenue bonds	Water Improvements	538,000	67,792
Revenue bonds	Water Improvements 2012A	1,488,000	58,300
Revenue bonds	Water Improvements 2012B	<u>427,000</u>	<u>16,540</u>
Total Water		<u>2,934,600</u>	<u>181,479</u>
Totals		<u>\$ 7,472,019</u>	<u>\$ 390,452</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for the Major Federal Program

We have audited the City of Oakland City's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2015. The City'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 City'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 City's compliance.

Opinion on the Major Federal Program

In our opinion, the City 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 year ended December 31, 2015.

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


Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 City'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 a 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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 29, 2017

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF OAKLAND CITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Oakland City Dam Project	Indiana Office of Community and Rural Affairs	14.228	DR2-09-259	\$ -	\$ 1,562,134
Total - Department of Housing and Urban Development				-	1,562,134
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Sidewalk Grant	Indiana Department of Transportation	20.205	DES1400819	-	700
Total - Highway Planning and Construction Cluster				-	700
Total - Department of Transportation				-	700
Total federal awards expended				\$ -	\$ 1,562,834

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF OAKLAND CITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. *Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2015. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. *Summary of Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF OAKLAND CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
14.228	Community Development Block Grants/State's program and Non-entitlement Grants in Hawaii	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.