

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

EXAMINATION REPORT

OF

TOWN OF ORLEANS

ORANGE COUNTY, INDIANA

January 1, 2006 to December 31, 2007



**FILED**  
12/02/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donald B. McClintock	01-01-04 to 12-31-07
	Robert F. Henderson	01-01-08 to 12-31-11
President of the Town Council	Robert F. Henderson	01-01-06 to 12-31-07
	Donald B. McClintock	01-01-08 to 04-10-08
	Randy G. Lawyer	04-11-08 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ORLEANS, ORANGE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Orleans (Town), for the period of January 1, 2006 to December 31, 2007. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 27, 2008

TOWN OF ORLEANS  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
<b>Governmental Funds:</b>				
General	\$ 463,670	\$ 750,027	\$ 692,510	\$ 521,187
Motor Vehicle Highway	59,434	83,633	78,150	64,917
Local Road and Street	14,141	10,087	7,354	16,874
Cemetery	45,012	43,655	38,273	50,394
Cemetery Donations	9,645	-	-	9,645
Cemetery Perpetual Care	104,156	2,130	-	106,286
Nonreverting Aviation	39	-	-	39
Nonreverting Park Donations	6,731	250	2,758	4,223
Aviation	26,837	20,764	13,142	34,459
Local Law Enforcement Continuing Education	1,813	3,046	1,433	3,426
Fire Equipment Donations	3,977	-	650	3,327
Dogwood Tree Donations	250	-	-	250
Levy Excess	-	117,854	-	117,854
Cumulative Capital Improvement	16,940	8,120	11,459	13,601
Economic Development Income Tax	236,031	78,207	32,615	281,623
Cumulative Capital Development	111,893	40,530	37,998	114,425
Cumulative Building and Sinking	4,138	-	-	4,138
<b>Proprietary Funds:</b>				
Water Utility - Operating	164,786	574,485	570,001	169,270
Water Utility - Bond and Interest	251,610	55,193	47,800	259,003
Water Utility - Debt Service Reserve	36,800	-	-	36,800
Water Utility - Depreciation	36,467	25,714	30,775	31,406
Water Utility - Customer Deposit	32,052	4,872	3,322	33,602
Wastewater Utility - Operating	16,054	421,576	421,855	15,775
Wastewater Utility - Bond and Interest	165	62,662	36,060	26,767
Wastewater Utility - Debt Service Reserve	150,000	-	-	150,000
Wastewater Utility - Depreciation	63,862	20,208	12,947	71,123
Wastewater Utility - Customer Deposit	25,812	4,489	2,969	27,332
Wastewater Utility - Construction	-	578,653	492,971	85,682
<b>Fiduciary Funds:</b>				
Dallas Tyler Trust	41	2,037	1,782	296
Construction Escrow	-	19,508	-	19,508
Payroll	4,089	434,554	434,445	4,198
<b>Totals</b>	<u>\$ 1,886,445</u>	<u>\$ 3,362,254</u>	<u>\$ 2,971,269</u>	<u>\$ 2,277,430</u>

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

TOWN OF ORLEANS  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2006 And 2007  
(Continued)

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
<b>Governmental Funds:</b>				
General	\$ 521,187	\$ 1,233,417	\$ 904,145	\$ 850,459
Motor Vehicle Highway	64,917	81,328	64,622	81,623
Local Road and Street	16,874	10,294	14,023	13,145
Cemetery	50,394	35,497	33,531	52,360
Cemetery Donations	9,645	-	-	9,645
Cemetery Perpetual Care	106,286	2,010	-	108,296
Nonreverting Aviation	39	-	-	39
Nonreverting Park Donations	4,223	937	2,554	2,606
Aviation	34,459	13,795	10,609	37,645
Local Law Enforcement Continuing Education	3,426	2,743	3,431	2,738
Fire Equipment Donations	3,327	75	650	2,752
Dogwood Tree Donations	250	-	-	250
Levy Excess	117,854	-	117,854	-
Jimmie M. Stalker Memorial	-	1,545	-	1,545
Cumulative Capital Improvement	13,601	7,984	11,459	10,126
Economic Development Income Tax	281,623	92,452	50,901	323,174
Cumulative Capital Development	114,425	24,321	28,196	110,550
Cumulative Building and Sinking	4,138	-	-	4,138
<b>Proprietary Funds:</b>				
Water Utility - Operating	169,270	525,291	528,876	165,685
Water Utility - Bond and Interest	259,003	61,920	47,250	273,673
Water Utility - Debt Service Reserve	36,800	-	-	36,800
Water Utility - Depreciation	31,406	24,523	34,828	21,101
Water Utility - Customer Deposit	33,602	4,120	3,140	34,582
Wastewater Utility - Operating	15,775	420,000	363,614	72,161
Wastewater Utility - Bond and Interest	26,767	67,440	57,950	36,257
Wastewater Utility - Debt Service Reserve	150,000	-	-	150,000
Wastewater Utility - Depreciation	71,123	20,802	18,393	73,532
Wastewater Utility - Customer Deposit	27,332	3,720	2,940	28,112
Wastewater Utility - Construction	85,682	66,673	152,355	-
<b>Fiduciary Funds:</b>				
Dallas Tyler Trust	296	1,275	1,425	146
Construction Escrow	19,508	1,932	21,440	-
Payroll	4,198	444,054	444,155	4,097
<b>Totals</b>	<b>\$ 2,277,430</b>	<b>\$ 3,148,148</b>	<b>\$ 2,918,341</b>	<b>\$ 2,507,237</b>

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

TOWN OF ORLEANS  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highways and streets, culture and recreation, planning and zoning, water and wastewater services, and general administrative services.

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

TOWN OF ORLEANS  
NOTES TO FINANCIAL INFORMATION  
(Continued)

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

TOWN OF ORLEANS  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

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.

There were no general infrastructure assets acquired during the current examination period. The Town has chosen not to implement retroactive reporting of general infrastructure assets.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 349,986
Buildings	312,465
Improvements other than buildings	1,703,165
Machinery and equipment	<u>1,033,408</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 3,399,024</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 14,998
Buildings	11,061
Improvements other than buildings	1,602,465
Machinery and equipment	<u>113,561</u>
Total Water Utility capital assets	<u>1,742,085</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	41,069
Buildings	233,000
Improvements other than buildings	5,511,466
Machinery and equipment	<u>942,746</u>
Total Wastewater Utility capital assets	<u>6,728,281</u>
Total business-type activities capital assets	<u>\$ 8,470,366</u>

TOWN OF ORLEANS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Fire truck	\$ 14,970	\$ 15,804
Business-type Activities:		
Water Utility		
Revenue bonds:		
1974 Water systems improvements	\$ 273,000	\$ 47,650
Wastewater Utility		
Revenue bonds:		
2006 Wastewater improvements	400,000	55,850
Total business-type activities debt	\$ 673,000	\$ 103,500

TOWN OF ORLEANS  
EXAMINATION RESULTS AND COMMENTS

UTILITY RECEIPTS TAX - COMPLIANCE REQUIREMENTS

The Water Utility made all required quarterly estimated payments of utility receipts tax to the Indiana Department of Revenue during the examination period. However, the Water Utility did not prepare and submit Indiana Utility Receipts Tax Return (Form URT-1) to the Indiana Department of Revenue for 2006 and 2007. Form URT-1 is used to compute actual utility receipts tax due for the year as adjusted by estimated payments made during the year. The failure to file Form URT-1 annually may result in the Water Utility either over paying or under paying utility tax receipts.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

HYDRANT RENTAL RECEIVABLE (PAYABLE)

Pursuant to Ordinance No. 2005-5 passed by the Town Council on February 17, 2005, the Town is to pay the Water Utility hydrant rental of \$54,670 each year, based upon 154 public fire hydrants at the rate of \$355 per hydrant. In 2006 and 2007, the Town paid the Water Utility \$30,000 for hydrant rental each year. The \$30,000 paid was the amount budgeted for hydrant rental in the Town General Fund for these years. As a result of these underpayments, the Town owes hydrant rental to the Water Utility in the amount of \$49,340 as of December 31, 2007.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ORLEANS  
EXIT CONFERENCE

The contents of this report were discussed on October 27, 2008, with Robert F. Henderson, Clerk-Treasurer; and Randy G. Lawyer, President of the Town Council.