

B37608

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

EXAMINATION REPORT

OF

TOWN OF ORESTES

MADISON COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
09/30/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Supplementary Information:	
Schedule of Long-Term Debt	6
Examination Results and Comments:	
Overdrawn Cash Balances.....	7
Customer Deposit Register	7
Exit Conference.....	8

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Erin A. Atwood

01-01-08 to 12-31-11

President of the
Town Council

John T. Shettle

01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ORESTES, MADISON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Orestes (Town), for the period of January 1, 2008 to December 31, 2009. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

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

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

August 17, 2010

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

	Cash and Investments		Cash and Investments	
	01-01-08	Receipts	Disbursements	12-31-08
Governmental Funds:				
General	\$ 128,329	\$ 123,083	\$ 86,459	\$ 164,953
Motor Vehicle Highway	12,108	9,586	13,912	7,782
Local Road and Street	1,496	3,890	3,601	1,785
Law Enforcement Continuing Education	883	864	818	929
Riverboat	8,426	4,201	-	12,627
Trailer Deposit	1,435	100	-	1,535
Tax Abatement	3,230	-	-	3,230
Community	642	-	-	642
Build Indiana	2,655	-	-	2,655
Food and Beverage	2,021	10,000	-	12,021
Cumulative Capital Improvement	8,121	1,086	8,636	571
Cumulative Capital Development	18,725	10,269	10,383	18,611
Debt Service	(7,867)	19,998	14,385	(2,254)
Trash	(73)	18,327	17,877	377
Proprietary Funds:				
Water Utility - Operating	9,097	74,648	64,182	19,563
Water Utility - Customer Deposit	6,703	815	545	6,973
Water Utility - Food and Beverage	8,525	-	-	8,525
Water Utility - Improvement	38,090	8,097	-	46,187
Wastewater Utility - Operating	3,834	45,520	53,036	(3,682)
Wastewater Utility - Bond and Interest	1,462	71,220	72,677	5
Wastewater Utility - Debt Service Reserve	53,502	11,158	-	64,660
Wastewater Utility - Improvement	-	5,058	-	5,058
Storm Water Operating	1,586	1,903	325	3,164
Totals	\$ 302,930	\$ 419,823	\$ 346,836	\$ 375,917

	Cash and Investments		Cash and Investments	
	01-01-09	Receipts	Disbursements	12-31-09
Governmental Funds:				
General	\$ 164,953	\$ 105,010	\$ 77,243	\$ 192,720
Motor Vehicle Highway	7,782	16,322	11,367	12,737
Local Road and Street	1,785	3,648	-	5,433
Law Enforcement Continuing Education	929	556	100	1,385
Riverboat	12,627	2,090	-	14,717
Trailer Deposit	1,535	-	-	1,535
Tax Abatement	3,230	1,000	-	4,230
Community	642	-	-	642
Build Indiana	2,655	-	-	2,655
Food and Beverage	12,021	-	12,021	-
Cumulative Capital Improvement	571	1,024	-	1,595
Cumulative Capital Development	18,611	6,356	14,169	10,798
Debt Service	(2,254)	12,843	14,386	(3,797)
Trash	377	25,516	20,463	5,430
Proprietary Funds:				
Water Utility - Operating	19,563	85,743	68,105	37,201
Water Utility - Customer Deposit	6,973	1,085	635	7,423
Water Utility - Food and Beverage	8,525	-	-	8,525
Water Utility - Improvement	46,187	1,822	2,039	45,970
Wastewater Utility - Operating	(3,682)	55,780	53,134	(1,036)
Wastewater Utility - Bond and Interest	5	72,229	72,234	-
Wastewater Utility - Debt Service Reserve	64,660	8,516	-	73,176
Wastewater Utility - Improvement	5,058	-	-	5,058
Storm Water Operating	3,164	1,937	357	4,744
Totals	\$ 375,917	\$ 401,477	\$ 346,253	\$ 431,141

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

TOWN OF ORESTES
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, sanitation, planning, general administrative services, water, wastewater, and storm water.

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.

Note 5. Deposits and Investments

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

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

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

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Loan payable	<u>\$ 13,921</u>	<u>\$ 14,386</u>
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
2002 - Sanitary Sewer Lines	<u>\$ 767,000</u>	<u>\$ 72,777</u>

TOWN OF ORESTES
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

Cash balances were overdrawn at December 31, 2008 and 2009, for the Debt Service Fund, \$2,254 and \$3,797, and the Wastewater Utility Operating Fund, \$3,682 and \$1,036, respectively.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register did not reconcile with the customer deposit amount recorded on the general ledger. Due to lack of deposit records and other bookkeeping deficiencies from prior periods and for the current examination period, the customer deposit register detailed balance could not be determined. A similar comment has appeared in several prior reports, most recently Report B32543.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ORESTES
EXIT CONFERENCE

The contents of this report were discussed on August 17, 2010, with Erin A. Atwood, Clerk-Treasurer; and John T. Shettle, President of the Town Council. The officials concurred with our findings.