

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

EXAMINATION REPORT  
OF  
TOWN OF ORLAND  
STEUBEN COUNTY, INDIANA  
January 1, 2008 to December 31, 2009



**FILED**  
01/05/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rhonda L. Engle	01-01-04 to 12-31-11
President of the Town Council	Kevin Kellett	01-01-08 to 12-31-10
Superintendent of Water Utility	Vaughn D. Norton	01-01-08 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ORLAND, STEUBEN COUNTY, INDIANA

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

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

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

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

STATE BOARD OF ACCOUNTS

November 24, 2010

TOWN OF ORLAND  
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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 68,363	\$ 195,372	\$ 220,480	\$ 43,255
Motor Vehicle Highway	36,524	13,913	22,151	28,286
Local Road and Street	7,463	1,909	-	9,372
Major Moves Construction	188,722	4,331	73,522	119,531
Law Enforcement Continuing Education	2,176	912	80	3,008
Riverboat	10,753	2,139	1,452	11,440
Rainy Day	4,225	297	-	4,522
Cumulative Capital Improvement	13,259	1,109	5,000	9,368
Cumulative Capital Development	48,166	6,047	32,760	21,453
CEDIT	67,704	15,154	19,131	63,727
Cumulative Investment Incentive Program Repayment	39,716	-	-	39,716
Sanitation	3,675	18,246	17,564	4,357
Police Gift	754	200	92	862
Park Gift	5,946	680	5,223	1,403
Community Center Gift	8,326	1,654	15	9,965
Levy Excess	2,492	-	2,492	-
Operation Pull-Over	-	1,350	1,350	-
Revitalization	-	50	-	50
Proprietary Funds:				
Water Utility - Operating	10,043	119,739	127,527	2,255
Water Utility - Bond and Interest	-	24,185	24,185	-
Water Utility - Reserve	23,700	-	-	23,700
Water Utility - Depreciation	16,877	184	-	17,061
Water Utility - Customer Deposit	4,375	1,100	500	4,975
Water Utility - Construction	9,029	980	-	10,009
Fiduciary Fund:				
Payroll	7,000	124,092	126,713	4,379
Totals	<u>\$ 579,288</u>	<u>\$ 533,643</u>	<u>\$ 680,237</u>	<u>\$ 432,694</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 43,255	\$ 239,741	\$ 225,378	\$ 57,618
Motor Vehicle Highway	28,286	15,968	14,700	29,554
Local Road and Street	9,372	1,818	55	11,135
Major Moves Construction	119,531	1,517	-	121,048
Law Enforcement Continuing Education	3,008	732	2,194	1,546
Riverboat	11,440	2,134	4,893	8,681
Rainy Day	4,522	1,698	4,000	2,220
LOIT	-	12,238	-	12,238
Cumulative Capital Improvement	9,368	1,046	-	10,414
Cumulative Capital Development	21,453	11,015	10,783	21,685
CEDIT	63,727	15,826	43,286	36,267
Cumulative Investment Incentive Program Repayment	39,716	-	9,923	29,793
Sanitation	4,357	18,089	17,565	4,881
Police Gift	862	200	400	662
Park Gift	1,403	717	88	2,032
Community Center Gift	9,965	1,123	35	11,053
Operation Pull-Over	-	3,720	2,820	900
Revitalization	50	100,971	26,694	74,327
Proprietary Funds:				
Water Utility - Operating	2,255	121,928	111,688	12,495
Water Utility - Bond and Interest	-	24,329	24,329	-
Water Utility - Reserve	23,700	-	-	23,700
Water Utility - Depreciation	17,061	50	-	17,111
Water Utility - Customer Deposit	4,975	1,100	668	5,407
Water Utility - Construction	10,009	-	-	10,009
Fiduciary Fund:				
Payroll	4,379	128,483	132,862	-
Totals	<u>\$ 432,694</u>	<u>\$ 704,443</u>	<u>\$ 632,361</u>	<u>\$ 504,776</u>

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

TOWN OF ORLAND  
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, culture and recreation, general administrative services and 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. 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 ORLAND  
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 ORLAND  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets completed in the current years have been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 101,500
Infrastructure	86,451
Buildings	83,253
Improvements other than buildings	6,700
Machinery and equipment	<u>164,305</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 442,209</u>
 Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 8,856
Buildings	331,813
Improvements other than buildings	1,118,638
Machinery and equipment	<u>30,936</u>
 Total business-type activities capital assets	 <u>\$ 1,490,243</u>

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

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
Water Revenue Refunding Bonds of 2002	\$ 120,000	\$ 24,420

TOWN OF ORLAND  
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General Fund	2008	\$ 2,847
General Fund	2009	2,712

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

PENALTIES AND INTEREST

Penalties and interest of \$48.40 and \$159.72 for late payments of withholdings were paid to the Internal Revenue Service on July 1, 2008 and April 22, 2009, respectively, for the period examined

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

LEAVE AND OVERTIME POLICY

Town employees are accruing compensatory time when exceeding the normal 40 hour per week work schedule. The Town's personnel policy states that full-time employees may work other than those stated in the policy in an emergency, but does not establish what constitutes an emergency. The policy does not state who may approve the change in work hours and/or overtime. There is no written policy on hours worked on a holiday. The personnel policy is not clear as to leave time. A similar comment appeared in the prior Reports B29159 and B33759.

Each governmental unit should adopt written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing board would be considered as written policy. The policy should conform to the requirements of all state and federal regulatory agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ORLAND  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

EMPLOYEE TIME WORKED RECORDS

Employee timecards for the Street Superintendent/Water Utility Superintendent /Deputy Marshall and the Town Marshall were not signed by a supervisor/council representative. The personnel policy is not clear as to who approves the timecards. The Town Council should appoint a person to sign and authorize the timecards of the Town's employees. A similar comment appeared in the prior Reports B29159 and B33759.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ORLAND  
EXIT CONFERENCE

The contents of this report were discussed on November 24, 2010, with Rhonda L. Engle, Clerk-Treasurer, and Kevin Kellett, President of the Town Council. The officials concurred with our findings.