

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF ORESTES

MADISON COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
10/23/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Erin Atwood	01-01-08 to 12-31-15
President of the Town Council	John Shettle	01-01-10 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statements of the Town of Orestes (Town), for the period of January 1, 2010 to December 31, 2011. The Town's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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 noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, 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 statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

The Town's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, Town Council, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 11, 2012

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FINANCIAL STATEMENTS

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

TOWN OF ORESTES
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 192,720	\$ 133,502	\$ 92,398	\$ 233,824
Motor Vehicle Highway	12,737	17,177	12,538	17,376
Local Road And Street	5,433	3,674	5,371	3,736
Law Enforcement Continuing Ed	1,385	1,039	895	1,529
Riverboat	14,717	2,090	2,476	14,331
Build Indiana	2,655	-	-	2,655
Levy Excess	-	236	-	236
Food And Beverage Tax	-	20,000	-	20,000
Trailer Deposits	1,535	-	-	1,535
Tax Abatement	4,230	-	-	4,230
Loan For Unsafe Structure Removal	-	75,011	-	75,011
Debt Service - Other	(3,797)	11,380	7,193	390
Cumulative Capital Development	10,798	6,212	4,859	12,151
Capital Improvements	1,595	978	1,595	978
Community	642	-	-	642
Storm Water Utility-Operating	4,744	1,864	408	6,200
Trash Utility-Operating	5,430	26,455	22,439	9,446
Wastewater Utility-Operating	(1,036)	53,276	55,937	(3,697)
Wastewater Util-Bond And Interest Improvements	5,058	-	3,412	1,646
Debt Service Reserve	73,176	135	-	73,311
Water Utility-Operating	37,201	81,980	68,240	50,941
Water Utility-Depreciation/Improve	45,970	-	2,448	43,522
Water Utility-Customer Deposit	7,423	1,050	715	7,758
Food & Beverage	8,525	-	-	8,525
Totals	<u>\$ 431,141</u>	<u>\$ 508,836</u>	<u>\$ 353,701</u>	<u>\$ 586,276</u>

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

TOWN OF ORESTES
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 233,824	\$ 134,319	\$ 100,449	\$ 267,694
Motor Vehicle Highway	17,376	21,761	14,701	24,436
Local Road And Street	3,736	3,551	-	7,287
Law Enforcement Continuing Ed	1,529	329	150	1,708
Riverboat	14,331	2,090	-	16,421
Levy Excess	236	2,739	236	2,739
Food And Beverage Tax	20,000	-	19,430	570
Cumulative Capital Development	12,151	14,091	170	26,072
Build Indiana	2,655	-	-	2,655
Trailer Deposits	1,535	-	-	1,535
Tax Abatement	4,230	-	-	4,230
Loan For Unsafe Structure Removal	75,011	184	-	75,195
Debt Service - Other	390	21,680	21,400	670
Capital Improvements	978	959	-	1,937
Community	642	-	-	642
Storm Water Utility-Operating	6,200	1,885	1,158	6,927
Trash Utility-Operating	9,446	27,646	23,265	13,827
Wastewater Utility-Operating	(3,697)	51,903	46,248	1,958
Wastewater Util-Bond And Interest	-	72,283	72,283	-
Improvements	1,646	-	-	1,646
Debt Service Reserve	73,311	92	264	73,139
Water Utility-Operating	50,941	81,960	69,647	63,254
Water Utility-Depreciation/Improve	43,522	-	-	43,522
Water Utility-Customer Deposit	7,758	840	810	7,788
Food & Beverage	8,525	-	-	8,525
Totals	<u>\$ 586,276</u>	<u>\$ 438,312</u>	<u>\$ 370,211</u>	<u>\$ 654,377</u>

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

TOWN OF ORESTES
NOTES TO FINANCIAL STATEMENTS

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), highways and streets, culture and recreation, public improvements, general administrative services, water, wastewater, storm water, and trash,

The accompanying financial statements present the financial information for the Town.

B. Basis of Accounting

The financial statements are 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 statements. The aggregate receipts may 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, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

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: dog tax licenses, 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: 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, major moves distributions received from the state, and riverboat receipts received from the county.

TOWN OF ORESTES
NOTES TO FINANCIAL STATEMENTS
(Continued)

Charges for services which can include, but are not limited to the following: accident report copies, gun permit applications, cable tv receipts, ordinance violations, fines and fees, and court costs.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; and transfers authorized by statute, ordinance, resolution or court order.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include the following uses:

Personal services include outflows 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 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.

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

Capital outlay which include all outflows for 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: transfers out that are authorized by statute, ordinance, resolution, or court order.

TOWN OF ORESTES
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

TOWN OF ORESTES
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement any replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

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

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF ORESTES
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Riverboat	Build Indiana	Levy Excess
Cash and investments - beginning	\$ 192,720	\$ 12,737	\$ 5,433	\$ 1,385	\$ 14,717	\$ 2,655	\$ -
Receipts:							
Taxes	58,115	-	-	-	-	-	236
Licenses and permits	-	-	-	210	-	-	-
Intergovernmental	59,371	16,840	3,674	-	2,090	-	-
Charges for services	4,592	-	-	-	-	-	-
Fines and forfeits	-	-	-	56	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	11,424	337	-	773	-	-	-
Total receipts	<u>133,502</u>	<u>17,177</u>	<u>3,674</u>	<u>1,039</u>	<u>2,090</u>	<u>-</u>	<u>236</u>
Disbursements:							
Personal services	29,988	5,060	-	-	-	-	-
Supplies	8,968	200	-	500	-	-	-
Other services and charges	42,231	6,626	5,371	395	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	763	652	-	-	2,476	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	10,448	-	-	-	-	-	-
Total disbursements	<u>92,398</u>	<u>12,538</u>	<u>5,371</u>	<u>895</u>	<u>2,476</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>41,104</u>	<u>4,639</u>	<u>(1,697)</u>	<u>144</u>	<u>(386)</u>	<u>-</u>	<u>236</u>
Cash and investments - ending	<u>\$ 233,824</u>	<u>\$ 17,376</u>	<u>\$ 3,736</u>	<u>\$ 1,529</u>	<u>\$ 14,331</u>	<u>\$ 2,655</u>	<u>\$ 236</u>

TOWN OF ORESTES
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Food And Beverage Tax	Trailer Deposits	Tax Abatement	Loan For Unsafe Structure Removal	Debt Service - Other	Cumulative Capital Development	Capital Improvements
Cash and investments - beginning	\$ -	\$ 1,535	\$ 4,230	\$ -	\$ (3,797)	\$ 10,798	\$ 1,595
Receipts:							
Taxes	20,000	-	-	-	9,917	5,453	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,463	759	978
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	75,011	-	-	-
Total receipts	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>75,011</u>	<u>11,380</u>	<u>6,212</u>	<u>978</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	7,193	-	-
Capital outlay	-	-	-	-	-	4,859	1,595
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,193</u>	<u>4,859</u>	<u>1,595</u>
Excess (deficiency) of receipts over disbursements	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>75,011</u>	<u>4,187</u>	<u>1,353</u>	<u>(617)</u>
Cash and investments - ending	<u>\$ 20,000</u>	<u>\$ 1,535</u>	<u>\$ 4,230</u>	<u>\$ 75,011</u>	<u>\$ 390</u>	<u>\$ 12,151</u>	<u>\$ 978</u>

TOWN OF ORESTES
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Community	Storm Water Utility-Operating	Trash Utility-Operating	Wastewater Utility-Operating	Wastewater Util-Bond And Interest	Improvements
Cash and investments - beginning	\$ 642	\$ 4,744	\$ 5,430	\$ (1,036)	\$ -	\$ 5,058
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	1,864	25,582	48,666	72,777	-
Penalties	-	-	873	2,674	-	-
Other receipts	-	-	-	1,936	-	-
Total receipts	-	1,864	26,455	53,276	72,777	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	49,000	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	22,439	55,937	23,777	3,412
Other disbursements	-	408	-	-	-	-
Total disbursements	-	408	22,439	55,937	72,777	3,412
Excess (deficiency) of receipts over disbursements	-	1,456	4,016	(2,661)	-	(3,412)
Cash and investments - ending	\$ 642	\$ 6,200	\$ 9,446	\$ (3,697)	\$ -	\$ 1,646

TOWN OF ORESTES
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Debt Service Reserve	Water Utility-Operating	Water Utility-Depreciation/Improve	Water Utility-Customer Deposit	Food & Beverage	Totals
Cash and investments - beginning	\$ 73,176	\$ 37,201	\$ 45,970	\$ 7,423	\$ 8,525	\$ 431,141
Receipts:						
Taxes	-	-	-	-	-	93,721
Licenses and permits	-	-	-	-	-	210
Intergovernmental	-	-	-	-	-	85,175
Charges for services	-	-	-	-	-	4,592
Fines and forfeits	-	-	-	-	-	56
Utility fees	-	79,718	-	-	-	228,607
Penalties	-	691	-	-	-	4,238
Other receipts	135	1,571	-	1,050	-	92,237
Total receipts	135	81,980	-	1,050	-	508,836
Disbursements:						
Personal services	-	-	-	-	-	35,048
Supplies	-	-	-	-	-	9,668
Other services and charges	-	-	-	-	-	54,623
Debt service - principal and interest	-	-	-	-	-	56,193
Capital outlay	-	-	-	-	-	10,345
Utility operating expenses	-	57,559	2,448	715	-	166,287
Other disbursements	-	10,681	-	-	-	21,537
Total disbursements	-	68,240	2,448	715	-	353,701
Excess (deficiency) of receipts over disbursements	135	13,740	(2,448)	335	-	155,135
Cash and investments - ending	\$ 73,311	\$ 50,941	\$ 43,522	\$ 7,758	\$ 8,525	\$ 586,276

TOWN OF ORESTES
 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	Levy Excess	Food And Beverage Tax
Cash and investments - beginning	\$ 233,824	\$ 17,376	\$ 3,736	\$ 1,529	\$ 14,331	\$ 236	\$ 20,000
Receipts:							
Taxes	84,633	-	-	-	-	-	-
Licenses and permits	1	-	-	50	-	-	-
Intergovernmental	43,535	20,131	3,551	-	2,090	-	-
Charges for services	50	-	-	6	-	-	-
Fines and forfeits	2,519	-	-	23	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	3,581	1,630	-	250	-	2,739	-
Total receipts	134,319	21,761	3,551	329	2,090	2,739	-
Disbursements:							
Personal services	41,902	5,067	-	-	-	-	-
Supplies	9,704	750	-	-	-	-	-
Other services and charges	39,847	7,254	-	150	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	5,576	-	-	-	-	-	19,430
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	3,420	1,630	-	-	-	236	-
Total disbursements	100,449	14,701	-	150	-	236	19,430
Excess (deficiency) of receipts over disbursements	33,870	7,060	3,551	179	2,090	2,503	(19,430)
Cash and investments - ending	\$ 267,694	\$ 24,436	\$ 7,287	\$ 1,708	\$ 16,421	\$ 2,739	\$ 570

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

	Cumulative Capital Development	Build Indiana	Trailer Deposits	Tax Abatement	Loan For Unsafe Structure Removal	Debt Service - Other	Capital Improvements
Cash and investments - beginning	\$ 12,151	\$ 2,655	\$ 1,535	\$ 4,230	\$ 75,011	\$ 390	\$ 978
Receipts:							
Taxes	13,808	-	-	-	-	21,251	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	283	-	-	-	-	429	959
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	184	-	-
Total receipts	<u>14,091</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184</u>	<u>21,680</u>	<u>959</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	21,106	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	170	-	-	-	-	294	-
Total disbursements	<u>170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,400</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>13,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184</u>	<u>280</u>	<u>959</u>
Cash and investments - ending	<u>\$ 26,072</u>	<u>\$ 2,655</u>	<u>\$ 1,535</u>	<u>\$ 4,230</u>	<u>\$ 75,195</u>	<u>\$ 670</u>	<u>\$ 1,937</u>

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

	Community	Storm Water Utility-Operating	Trash Utility-Operating	Wastewater Utility-Operating	Wastewater Util-Bond And Interest	Improvements
Cash and investments - beginning	\$ 642	\$ 6,200	\$ 9,446	\$ (3,697)	\$ -	\$ 1,646
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	27,646	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	1,885	-	49,190	72,283	-
Penalties	-	-	-	2,375	-	-
Other receipts	-	-	-	338	-	-
Total receipts	-	1,885	27,646	51,903	72,283	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	23,265	-	-	-
Debt service - principal and interest	-	-	-	-	72,258	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	1,158	-	46,248	-	-
Other disbursements	-	-	-	-	25	-
Total disbursements	-	1,158	23,265	46,248	72,283	-
Excess (deficiency) of receipts over disbursements	-	727	4,381	5,655	-	-
Cash and investments - ending	\$ 642	\$ 6,927	\$ 13,827	\$ 1,958	\$ -	\$ 1,646

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

	Debt Service Reserve	Water Utility-Operating	Water Utility-Depreciation/Improve	Water Utility-Customer Deposit	Food & Beverage	Totals
Cash and investments - beginning	\$ 73,311	\$ 50,941	\$ 43,522	\$ 7,758	\$ 8,525	\$ 586,276
Receipts:						
Taxes	-	-	-	-	-	119,692
Licenses and permits	-	-	-	-	-	51
Intergovernmental	-	-	-	-	-	70,978
Charges for services	-	-	-	-	-	27,702
Fines and forfeits	-	-	-	-	-	2,542
Utility fees	-	78,990	-	840	-	203,188
Penalties	-	598	-	-	-	2,973
Other receipts	92	2,372	-	-	-	11,186
Total receipts	92	81,960	-	840	-	438,312
Disbursements:						
Personal services	-	-	-	-	-	46,969
Supplies	-	-	-	-	-	10,454
Other services and charges	-	-	-	-	-	70,516
Debt service - principal and interest	-	-	-	-	-	93,364
Capital outlay	-	-	-	-	-	25,006
Utility operating expenses	-	69,647	-	-	-	117,053
Other disbursements	264	-	-	810	-	6,849
Total disbursements	264	69,647	-	810	-	370,211
Excess (deficiency) of receipts over disbursements	(172)	12,313	-	30	-	68,101
Cash and investments - ending	\$ 73,139	\$ 63,254	\$ 43,522	\$ 7,788	\$ 8,525	\$ 654,377

TOWN OF ORESTES
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2011

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 900	\$ 25,238
Storm Water	-	105
Trash	-	1,538
Wastewater	-	3,896
Water	-	1,963
	<hr/>	<hr/>
Totals	<u>\$ 900</u>	<u>\$ 32,740</u>

TOWN OF ORESTES
 SCHEDULE OF LEASES AND DEBT
 December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Lines of credit	Demolition of Abandoned Structures	\$ 63,645	\$ 13,963
Wastewater:			
Revenue bonds	Construction of Wastewater Utility	668,000	72,708
Totals		<u>\$ 731,645</u>	<u>\$ 86,671</u>

TOWN OF ORESTES
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2011

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:	
Land	\$ 60,000
Infrastructure	6,236,326
Buildings	583,272
Machinery, equipment and vehicles	158,075
Total governmental activities	7,037,673
Storm Water:	
Infrastructure	279,406
Wastewater:	
Infrastructure	1,896,477
Water:	
Land	150,000
Infrastructure	796,729
Buildings	503,080
Total Water	1,449,809
Total capital assets	\$ 10,663,365

TOWN OF ORESTES
EXAMINATION RESULTS AND COMMENTS

CUSTOMER DEPOSIT REGISTER

The Town's detailed Customer Deposit Register does not agree with the cash balance in the Meter Deposit Fund. The detailed Customer Deposit Register for 2011 has a balance of \$3,130 whereas the Meter Deposit Fund on the 2011 annual report has a balance of \$7,788. Due to bookkeeping issues and lack of records from prior years, the detail for the Customer Deposit Register could not be determined. A similar comment appeared in several prior reports, most recently in Report B37608.

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)

OVERDRAWN CASH BALANCES

The cash balance of the Wastewater Operating Fund was overdrawn at December 31, 2010, by \$3,697. A similar comment appeared in the prior Report B37608.

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)

SERVICE AND TIME RECORDS

In March of 2011, there was a decrease in the amount of Social Security Tax Withheld from 6.2 percent to 4.2 percent. The checks were prepared with the proper calculations at 4.2 percent and the net pay from the checks was properly posted to the ledger; however, the amounts posted to the employee earnings records did not properly reflect the reduction in Social Security Tax withheld. Due to the error on the employee earnings records, the Social Security tax withheld was misreported for eight employees to the Internal Revenue Service. The misreporting ranged from \$25 to \$350.

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 ORESTES
EXIT CONFERENCE

The contents of this report were discussed on September 11, 2012, with Erin Atwood, Clerk-Treasurer, and John Shettle, President of the Town Council. The Official Response has been made a part of this report and may be found on page 27.

I have the following official response to the Examination Results & Comments that were discussed with myself, Council President John T. Shettle & SBOA Field Examiner, Matthew Roberts on September 11, 2012.

SERVICE AND TIME RECORDS

In completing the Employee Earnings Records I made an error in March 2011 which continued through the end of the year. January & February Social Security Tax was withheld from all employees at 6.2%. I corrected the withholding in March to 4.2%. However, I continued entering it incorrectly on the Employee Earnings Records. This resulted in incorrect reporting to the IRS as I use the Employee Earnings Records to compute figures for W-2's for employees. This was an oversight on my part as I just copied what had been entered for January & February on the Employee Earnings Records instead of looking at each claim monthly. In the future I will not just copy from the previous month but go by each monthly claim.

CUSTOMER DEPOSIT REGISTER

The discrepancy is a result of incorrect records being kept prior to my taking office in 1996. I have maintained the Customer Deposit Register since taking office. However, I will try to reconstruct and update the Customer Deposit Register from pre 1996.

OVERDRAWN CASH BALANCES

The cash balance of the Wastewater Operating Fund was overdrawn at the end of December 2010. This was corrected in 2011 and there are no overdrawn funds at this time.

Respectfully Submitted,

Erin A. Atwood
Clerk Treasurer
Town of Orestes