

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF ORLEANS

ORANGE COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
01/03/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Robert F. Henderson	01-01-08 to 12-31-15
President of the Town Council	Michael H. Fields	01-01-10 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the Town of Orleans (Town), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statements. 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

October 5, 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 ORLEANS
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	\$ 478,703	\$ 803,962	\$ 805,380	\$ 477,285
Petty Cash/Cash Drawer	-	200	-	200
Motor Vehicle Highway	131,977	152,994	72,422	212,549
Local Road and Street	24,064	20,164	34,736	9,492
Cemetery	45,484	38,010	36,474	47,020
Aviation	47,617	22,028	5,471	64,174
Park Nonreverting Operating	3,519	926	6	4,439
Town Memorial	2,554	416	-	2,970
EDIT	52,241	53,810	10,358	95,693
Local Law Enforcement Continuing Educ:	218	1,646	-	1,864
Riverboat	443,475	1,065,556	460,099	1,048,932
Fire Equipment Donations	1,090	3,860	4,766	184
Dallas Tyler	11	331	-	342
Cemetery Donations	9,645	-	-	9,645
Rainy Day	38,285	26,887	-	65,172
Cumulative Capital Improvement Cigaret	23,090	6,655	10,500	19,245
Cumulative Capital Development	48,550	36,500	11,070	73,980
Cumulative Sewer	4,138	-	-	4,138
Dogwood Tree Donation	250	-	-	250
Cemetery Perpetual Care	115,081	5,400	-	120,481
Payroll	6,986	557,180	548,216	15,950
Sewer Utility Meter Deposit	30,312	3,401	1,942	31,771
Sewage Utility Operating	54,920	405,184	416,173	43,931
Sewage Sinking	6,120	9,087	-	15,207
Sewage Utility Depreciation	36,429	1,152	-	37,581
Sewage Utility Wastewater Reserve	150,000	-	-	150,000
Water Utility Operating	47,914	563,230	584,525	26,619
Water Utility Bond And Interest	259,587	12,529	47,150	224,966
Water Utility Depreciation	10,546	-	-	10,546
Water Utility Debt Service Reserve	36,800	-	-	36,800
Water Utility Meter Deposit	36,932	7,992	1,982	42,942
Totals	<u>\$ 2,146,538</u>	<u>\$ 3,799,100</u>	<u>\$ 3,051,270</u>	<u>\$ 2,894,368</u>

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

TOWN OF ORLEANS
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	\$ 477,285	\$ 737,249	\$ 838,544	\$ 375,990
Motor Vehicle Highway	212,549	117,209	109,845	219,913
Local Road and Street	9,492	9,263	16,774	1,981
Aviation	64,174	7,894	3,958	68,110
EDIT	95,693	79,242	13,325	161,610
Cumulative Capital Improvement Cigarette	19,245	6,528	-	25,773
Cumulative Capital Development	73,980	25,282	2,819	96,443
Cemetery	47,020	22,478	35,225	34,273
Park Nonreverting Operating	4,439	3,050	1,000	6,489
Town Memorial	2,970	1,400	1,250	3,120
Local Law Enforcement Continuing Education	1,864	1,393	-	3,257
Riverboat	1,048,932	1,093,520	573,802	1,568,650
Rainy Day	65,172	-	1,017	64,155
Cumulative Sewer	4,138	-	-	4,138
Dogwood Tree Donation	250	-	-	250
Fire Equipment Donations	184	16,312	9,206	7,290
Dallas Tyler	342	-	-	342
Cemetery Perpetual Care	120,481	5,115	-	125,596
Cemetery Donations	9,645	-	-	9,645
Petty Cash/Cash Drawer	200	-	-	200
Levy Excess Fund	-	1,858	-	1,858
Payroll	15,950	607,014	601,113	21,851
Sewage Utility Operating	43,931	547,527	512,761	78,697
Sewer Utility Meter Deposit	31,771	3,480	2,869	32,382
Sewage Sinking	15,207	62,448	60,650	17,005
Sewage Utility Depreciation	37,581	628	-	38,209
Sewage Utility Wastewater Reserve	150,000	-	-	150,000
Water Utility Operating	26,619	850,328	791,059	85,888
Water Utility Meter Deposit	42,942	3,760	3,045	43,657
Water Utility Bond and Interest	224,966	40,553	180,769	84,750
Water Utility Debt Service Reserve	36,800	-	36,800	-
Water Utility Depreciation	10,546	-	-	10,546
Totals	\$ 2,894,368	\$ 4,243,531	\$ 3,795,831	\$ 3,342,068

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

TOWN OF ORLEANS
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, highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, and wastewater.

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 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, innkeepers 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 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: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, 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: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

TOWN OF ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

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.

Other receipts which include amounts received from various sources which can include, but are 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 statements. The aggregate disbursements 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 land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

TOWN OF ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Other disbursements which include, but are 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.

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.

TOWN OF ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 Indiana Public Retirement System (INPRS) 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 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
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

TOWN OF ORLEANS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

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

Note 7. Subsequent Events

On January 10, 2012, the Indiana Office of Community and Rural Affairs awarded the Town a Community Development Block Grant (CDBG) under the Flex Fund (FF). The grant was for \$546,000 of sewer facility improvements.

On April 12, 2012, the Town entered into a grant agreement with the Orange County Development Commission. The grant was for \$300,000 to be used to upgrade the sewer collection system lines and related facility improvements.

On July 19, 2012, the Town Council signed two loan resolutions with the United States Department of Agriculture to finance additional sewer improvements. The first loan was for \$5,304,000 and the second loan was for \$915,000.

On August 21, 2012, the Town received approval from the Indiana Office of Community and Rural Affairs for a Community Development Block Grant (CDBG) under the Disaster Recovery Fund, Appropriation 2. The total amount of the grant is \$342,000. The grant is to be used for clearance of the former White Castle Building.

On September 5, 2012, the Town Council approved Ordinance 2012-08, revising the rates and charges for the Sewage Utility. The ordinance set the base rate at \$9.84 per 1,000 gallons.

On September 13, 2012, the Town signed the following:

1. Agreement with the United States Department of Agriculture for a Water or Waste System Grant in the amount of \$1,496,000.
2. Construction contract with Infrastructure Systems, Inc. for \$6,271,353 of sanitary sewer system rehabilitation.
3. Construction contract with Mitchell & Stark Construction Co. Inc., for \$902,220 of wastewater treatment system improvements.

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

	General	Petty Cash/Cash Drawer	Motor Vehicle Highway	Local Road and Street	Cemetery	Aviation	Park Nonreverting Operating
Cash and investments - beginning	\$ 478,703	\$ -	\$ 131,977	\$ 24,064	\$ 45,484	\$ 47,617	\$ 3,519
Receipts:							
Taxes	480,297	-	83,240	-	23,251	14,106	-
Licenses and permits	573	-	-	-	-	-	-
Intergovernmental	242,177	-	67,903	17,446	2,486	1,508	-
Charges for services	550	-	654	-	5,195	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	80,365	200	1,197	2,718	7,078	6,414	926
Total receipts	<u>803,962</u>	<u>200</u>	<u>152,994</u>	<u>20,164</u>	<u>38,010</u>	<u>22,028</u>	<u>926</u>
Disbursements:							
Personal services	384,922	-	63,581	-	18,103	-	-
Supplies	69,687	-	7,711	-	2,582	86	6
Other services and charges	331,712	-	1,003	-	8,462	5,110	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	19,059	-	127	34,736	7,327	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	275	-
Total disbursements	<u>805,380</u>	<u>-</u>	<u>72,422</u>	<u>34,736</u>	<u>36,474</u>	<u>5,471</u>	<u>6</u>
Excess (deficiency) of receipts over disbursements	<u>(1,418)</u>	<u>200</u>	<u>80,572</u>	<u>(14,572)</u>	<u>1,536</u>	<u>16,557</u>	<u>920</u>
Cash and investments - ending	<u>\$ 477,285</u>	<u>\$ 200</u>	<u>\$ 212,549</u>	<u>\$ 9,492</u>	<u>\$ 47,020</u>	<u>\$ 64,174</u>	<u>\$ 4,439</u>

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

	Town Memorial	EDIT	Local Law Enforcement Continuing Education	Riverboat	Fire Equipment Donations	Dallas Tyler	Cemetery Donations
Cash and investments - beginning	\$ 2,554	\$ 52,241	\$ 218	\$ 443,475	\$ 1,090	\$ 11	\$ 9,645
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	870	-	-	-	-
Intergovernmental	-	53,810	-	790,998	-	-	-
Charges for services	-	-	150	-	-	-	-
Fines and forfeits	-	-	116	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	416	-	510	274,558	3,860	331	-
Total receipts	<u>416</u>	<u>53,810</u>	<u>1,646</u>	<u>1,065,556</u>	<u>3,860</u>	<u>331</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	6,089	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	10,358	-	25,250	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	47,423	4,766	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	381,337	-	-	-
Total disbursements	<u>-</u>	<u>10,358</u>	<u>-</u>	<u>460,099</u>	<u>4,766</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>416</u>	<u>43,452</u>	<u>1,646</u>	<u>605,457</u>	<u>(906)</u>	<u>331</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,970</u>	<u>\$ 95,693</u>	<u>\$ 1,864</u>	<u>\$ 1,048,932</u>	<u>\$ 184</u>	<u>\$ 342</u>	<u>\$ 9,645</u>

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

	Rainy Day	Cumulative Improvement Cigarette Tax	Cumulative Capital Development	Cumulative Sewer	Dogwood Tree Donation	Cemetery Perpetual Care
Cash and investments - beginning	\$ 38,285	\$ 23,090	\$ 48,550	\$ 4,138	\$ 250	\$ 115,081
Receipts:						
Taxes	19,599	-	23,252	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	7,288	6,655	13,248	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	5,400
Total receipts	<u>26,887</u>	<u>6,655</u>	<u>36,500</u>	<u>-</u>	<u>-</u>	<u>5,400</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	10,500	11,070	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>10,500</u>	<u>11,070</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>26,887</u>	<u>(3,845)</u>	<u>25,430</u>	<u>-</u>	<u>-</u>	<u>5,400</u>
Cash and investments - ending	<u>\$ 65,172</u>	<u>\$ 19,245</u>	<u>\$ 73,980</u>	<u>\$ 4,138</u>	<u>\$ 250</u>	<u>\$ 120,481</u>

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

	Payroll	Sewer Utility Meter Deposit	Sewage Utility Operating	Sewage Sinking	Sewage Utility Depreciation	Sewage Utility Wastewater Reserve
Cash and investments - beginning	\$ 6,986	\$ 30,312	\$ 54,920	\$ 6,120	\$ 36,429	\$ 150,000
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	391,054	-	-	-
Other receipts	557,180	3,401	14,130	9,087	1,152	-
Total receipts	557,180	3,401	405,184	9,087	1,152	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	62,150	-	-	-
Capital outlay	-	-	44,040	-	-	-
Utility operating expenses	-	1,942	289,263	-	-	-
Other disbursements	548,216	-	20,720	-	-	-
Total disbursements	548,216	1,942	416,173	-	-	-
Excess (deficiency) of receipts over disbursements	8,964	1,459	(10,989)	9,087	1,152	-
Cash and investments - ending	\$ 15,950	\$ 31,771	\$ 43,931	\$ 15,207	\$ 37,581	\$ 150,000

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

	Water Utility Operating	Water Utility Bond And Interest	Water Utility Depreciation	Utility Debt Service Reserve	Water Utility Meter Deposit	Totals
Cash and investments - beginning	\$ 47,914	\$ 259,587	\$ 10,546	\$ 36,800	\$ 36,932	\$ 2,146,538
Receipts:						
Taxes	-	-	-	-	-	643,745
Licenses and permits	-	-	-	-	-	1,443
Intergovernmental	-	-	-	-	-	1,203,519
Charges for services	-	-	-	-	-	6,549
Fines and forfeits	-	-	-	-	-	116
Utility fees	507,514	-	-	-	-	898,568
Other receipts	55,716	12,529	-	-	7,992	1,045,160
Total receipts	563,230	12,529	-	-	7,992	3,799,100
Disbursements:						
Personal services	-	-	-	-	-	472,695
Supplies	-	-	-	-	-	80,072
Other services and charges	-	-	-	-	-	381,895
Debt service - principal and interest	-	47,150	-	-	-	109,300
Capital outlay	84,190	-	-	-	-	263,238
Utility operating expenses	466,229	-	-	-	1,982	759,416
Other disbursements	34,106	-	-	-	-	984,654
Total disbursements	584,525	47,150	-	-	1,982	3,051,270
Excess (deficiency) of receipts over disbursements	(21,295)	(34,621)	-	-	6,010	747,830
Cash and investments - ending	\$ 26,619	\$ 224,966	\$ 10,546	\$ 36,800	\$ 42,942	\$ 2,894,368

TOWN OF ORLEANS
 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	Aviation	EDIT	Cumulative Capital Improvement Cigarette Tax	Cumulative Capital Development
Cash and investments - beginning	\$ 477,285	\$ 212,549	\$ 9,492	\$ 64,174	\$ 95,693	\$ 19,245	\$ 73,980
Receipts:							
Taxes	403,853	51,397	-	-	-	-	22,789
Licenses and permits	184	-	-	-	-	-	-
Intergovernmental	249,614	59,076	9,263	-	79,242	6,528	686
Charges for services	1,039	-	-	7,894	-	-	-
Fines and forfeits	130	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	82,429	6,736	-	-	-	-	1,807
Total receipts	<u>737,249</u>	<u>117,209</u>	<u>9,263</u>	<u>7,894</u>	<u>79,242</u>	<u>6,528</u>	<u>25,282</u>
Disbursements:							
Personal services	421,243	73,818	-	-	-	-	-
Supplies	15,035	1,803	-	12	-	-	-
Other services and charges	343,083	29,536	-	3,904	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	32,545	4,440	16,774	-	-	-	2,750
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	26,638	248	-	42	13,325	-	69
Total disbursements	<u>838,544</u>	<u>109,845</u>	<u>16,774</u>	<u>3,958</u>	<u>13,325</u>	<u>-</u>	<u>2,819</u>
Excess (deficiency) of receipts over disbursements	<u>(101,295)</u>	<u>7,364</u>	<u>(7,511)</u>	<u>3,936</u>	<u>65,917</u>	<u>6,528</u>	<u>22,463</u>
Cash and investments - ending	<u>\$ 375,990</u>	<u>\$ 219,913</u>	<u>\$ 1,981</u>	<u>\$ 68,110</u>	<u>\$ 161,610</u>	<u>\$ 25,773</u>	<u>\$ 96,443</u>

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

	Cemetery	Park Nonreverting Operating	Town Memorial	Local Law Enforcement Continuing Education	Riverboat	Rainy Day	Cumulative Sewer
Cash and investments - beginning	\$ 47,020	\$ 4,439	\$ 2,970	\$ 1,864	\$ 1,048,932	\$ 65,172	\$ 4,138
Receipts:							
Taxes	13,539	-	-	-	-	-	-
Licenses and permits	-	-	-	640	-	-	-
Intergovernmental	1,162	-	-	-	1,086,508	-	-
Charges for services	5,030	-	-	20	-	-	-
Fines and forfeits	-	-	-	72	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	2,747	3,050	1,400	661	7,012	-	-
Total receipts	<u>22,478</u>	<u>3,050</u>	<u>1,400</u>	<u>1,393</u>	<u>1,093,520</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	18,307	-	-	-	-	-	-
Supplies	3,602	-	-	-	-	-	-
Other services and charges	6,366	-	-	-	3,800	-	-
Debt service - principal and interest	-	-	-	-	21,157	-	-
Capital outlay	6,869	1,000	1,250	-	172,555	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	81	-	-	-	376,290	1,017	-
Total disbursements	<u>35,225</u>	<u>1,000</u>	<u>1,250</u>	<u>-</u>	<u>573,802</u>	<u>1,017</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(12,747)</u>	<u>2,050</u>	<u>150</u>	<u>1,393</u>	<u>519,718</u>	<u>(1,017)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 34,273</u>	<u>\$ 6,489</u>	<u>\$ 3,120</u>	<u>\$ 3,257</u>	<u>\$ 1,568,650</u>	<u>\$ 64,155</u>	<u>\$ 4,138</u>

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

	Dogwood Tree Donation	Fire Equipment Donations	Dallas Tyler	Cemetery Perpetual Care	Cemetery Donations	Petty Cash/Cash Drawer	Levy Excess Fund
Cash and investments - beginning	\$ 250	\$ 184	\$ 342	\$ 120,481	\$ 9,645	\$ 200	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	5,115	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	16,312	-	-	-	-	1,858
Total receipts	-	16,312	-	5,115	-	-	1,858
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	9,206	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	9,206	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	7,106	-	5,115	-	-	1,858
Cash and investments - ending	\$ 250	\$ 7,290	\$ 342	\$ 125,596	\$ 9,645	\$ 200	\$ 1,858

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

	Payroll	Sewage Utility Operating	Sewer Utility Meter Deposit	Sewage Sinking	Sewage Utility Depreciation	Sewage Utility Wastewater Reserve
Cash and investments - beginning	\$ 15,950	\$ 43,931	\$ 31,771	\$ 15,207	\$ 37,581	\$ 150,000
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	498,247	3,480	-	-	-
Other receipts	607,014	49,280	-	62,448	628	-
Total receipts	<u>607,014</u>	<u>547,527</u>	<u>3,480</u>	<u>62,448</u>	<u>628</u>	<u>-</u>
Disbursements:						
Personal services	601,113	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	60,150	-	-
Capital outlay	-	107,975	-	500	-	-
Utility operating expenses	-	404,786	2,869	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>601,113</u>	<u>512,761</u>	<u>2,869</u>	<u>60,650</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>5,901</u>	<u>34,766</u>	<u>611</u>	<u>1,798</u>	<u>628</u>	<u>-</u>
Cash and investments - ending	<u>\$ 21,851</u>	<u>\$ 78,697</u>	<u>\$ 32,382</u>	<u>\$ 17,005</u>	<u>\$ 38,209</u>	<u>\$ 150,000</u>

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

	Water Utility Operating	Water Utility Meter Deposit	Water Utility Bond and Interest	Water Utility Debt Service Reserve	Water Utility Depreciation	Totals
Cash and investments - beginning	\$ 26,619	\$ 42,942	\$ 224,966	\$ 36,800	\$ 10,546	\$ 2,894,368
Receipts:						
Taxes	-	-	-	-	-	491,578
Licenses and permits	-	-	-	-	-	824
Intergovernmental	-	-	-	-	-	1,492,079
Charges for services	-	-	-	-	-	19,098
Fines and forfeits	-	-	-	-	-	202
Utility fees	470,967	3,760	-	-	-	976,454
Other receipts	379,361	-	40,553	-	-	1,263,296
Total receipts	850,328	3,760	40,553	-	-	4,243,531
Disbursements:						
Personal services	-	-	-	-	-	1,114,481
Supplies	-	-	-	-	-	20,452
Other services and charges	-	-	-	-	-	395,895
Debt service - principal and interest	-	-	180,769	-	-	262,076
Capital outlay	-	-	-	-	-	346,658
Utility operating expenses	791,059	3,045	-	-	-	1,201,759
Other disbursements	-	-	-	36,800	-	454,510
Total disbursements	791,059	3,045	180,769	36,800	-	3,795,831
Excess (deficiency) of receipts over disbursements	59,269	715	(140,216)	(36,800)	-	447,700
Cash and investments - ending	<u>\$ 85,888</u>	<u>\$ 43,657</u>	<u>\$ 84,750</u>	<u>\$ -</u>	<u>\$ 10,546</u>	<u>\$ 3,342,068</u>

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

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 342,566	\$ -
Wastewater	49,552	56,046
Water	<u>28,316</u>	<u>44,813</u>
Totals	<u>\$ 420,434</u>	<u>\$ 100,859</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Old National Lease Dept	Fire Truck	\$ 21,157	01-05-10	01-05-19
PNC Equipment Finance LLC	2008 Elgin Street Sweeper	<u>28,607</u>	08-23-11	08-23-15
Total of annual lease payments		<u>\$ 49,764</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Wastewater: Revenue bonds	Wastewater Utility Improvements	<u>\$ 235,000</u> <u>\$ 59,150</u>

TOWN OF ORLEANS
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	\$ 637,816
Buildings	592,498
Improvements other than buildings	1,794,240
Machinery, equipment and vehicles	1,082,739
Total governmental activities	4,107,293
Wastewater:	
Land	191,040
Infrastructure	2,541,533
Buildings	228,500
Improvements other than buildings	1,785,964
Machinery, equipment and vehicles	928,728
Construction in progress	44,902
Total Wastewater	5,720,667
Water:	
Land	178,836
Infrastructure	3,567,737
Buildings	6,561
Improvements other than buildings	194,803
Machinery, equipment and vehicles	259,774
Construction in progress	108,669
Total Water	4,316,380
Total capital assets	\$ 14,144,340

TOWN OF ORLEANS
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies, relating to the recordkeeping were present during our period of examination:

Posting Errors

Tax distributions were not posted properly. \$1,917 was posted to the Rainy Day Fund and should have been posted to the General Fund. \$1,017.49 was posted to the General Fund and should have been posted to the Levy Excess Fund.

Check 3172 was written for \$5,844.02 and was dated December 27, 2011. The amount posted was only \$1,652.24. This was also the amount included on the outstanding check list on December 31, 2011.

\$1,017 was transferred from the Rainy Day Fund to the General Fund on June 8, 2011. The receipt was posted to the General Fund, but no disbursement was posted to the Rainy Day Fund.

On July 20, 2011, \$1,858 was transferred to the Levy Excess Fund from the General Fund, Motor Vehicle Highway Fund, Cemetery Fund, Cumulative Capital Development Fund, and the Aviation Fund. The receipt was posted to the Levy Excess Fund, but no disbursement was posted to the other funds.

Interest earned in August 2011 was \$10.35. Receipts 3176 and 3179 were dated September 13, 2011, and were each for \$10.35.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Bank Reconciliations

Bank reconciliations were done each month, but the reconciliations included an amount called "balancing adjustment." This was an unidentified amount necessary to balance.

On December 31, 2011, the following amounts were listed as balancing adjustments:

1. General bank account - (\$4.70)
2. Payroll - \$862.73
3. Water - \$2,293.19
4. Sewer - (\$1,678.62)

During the examination, the general bank account was reviewed in detail. Twenty-seven items were identified that needed to be corrected. Several items identified were errors made in posting receipts and disbursements. Some items had been identified but were never corrected, such as the \$40.30 bank deposit slip fee from prior to January 1, 2010 that was never refunded or posted as an expense.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

TOWN OF ORLEANS
EXAMINATION RESULTS AND COMMENTS
(Continued)

At all times, the manual and/or 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)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$2.51 were paid to the Indiana Department of Revenue on May 6, 2010. This was for a late payment of sales tax due December 31, 2009.

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)

COMPENSATION AND BENEFITS

The Town has a salary ordinance for 2011. Three employees were hired during 2011 and they were paid at a rate that was not on the approved salary ordinance. The rate of pay was not approved in the Town Council minutes.

Indiana Code 36-5-3-2(b) states: "The town legislative body shall, by ordinance, fix the compensation of its own members, the town clerk-treasurer, and the town marshal. The legislative body shall provide reasonable compensation for other town officers and employees."

Indiana Code 36-5-3-2(d) states: "The legislative body may provide that town officers and employees receive additional compensation for services that:

- (1) are performed for the town;
- (2) are not governmental in nature; and
- (3) are connected with the operation of a municipally owned utility or function.

Subject to the approval of the legislative body, the administrative agency operating the utility or function shall fix the amount of the additional compensation, which shall be paid from the revenues of the utility or function."

TOWN OF ORLEANS
EXAMINATION RESULTS AND COMMENTS
(Continued)

All compensation and benefits paid to officials and employees must be included in the salary ordinance adopted by the legislative body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CUSTOMER DEPOSIT REGISTER

The Town had been keeping the prescribed Form 314, Guarantee Deposit Register, and the approved computerized form. The two forms do not reconcile and neither form reconciles with the customer deposit amount recorded on the general ledger.

A detailed listing of customer accounts was not prepared as of December 31, 2011, for the computerized form. The prescribed Form 314, Guarantee Deposit Register was totaled as of December 31, 2011. That calculated balance in the Guaranteed Deposit Register for the Water Utility was \$323.42 less than the fund report balance and the Wastewater Utility balance was \$1,847.77 more than the fund report balance.

At all times, the manual and/or 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)

HYDRANT RENTAL RECEIVABLE (PAYABLE)

The Town owes the Water Utility hydrant rental of \$236,520 for previous year's unpaid amounts, pursuant to Rate Ordinance 2008-14 passed by the Town Council on November 20, 2008.

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 5, 2012, with Michael H. Fields, President of the Town Council.

The contents of this report were also discussed on October 5, 2012, with Robert F. Henderson, Clerk-Treasurer. The official indicated that he would be responding to the report but no Official Response was received.