

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF ORLAND

STEBEN COUNTY, INDIANA

January 1, 2010 to December 31, 2014



**FILED**  
02/18/2016



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rhonda Engle Wendy Kellett	01-01-08 to 08-27-15 08-28-15 to 12-31-15
President of the Town Council	Kevin Kellett	01-01-10 to 12-31-15
Superintendent of Water Utility	Vaughn Norton Brian Molter (Vacant) Kenneth Wagner	01-01-10 to 06-29-11 06-30-11 to 01-31-14 02-01-14 to 03-31-14 04-01-14 to 12-31-15



**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](http://www.in.gov/sboa)

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

This report is supplemental to our examination report of the Town of Orland (Town), for the period from January 1, 2010 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statements Examination Report of the Town, which provides our opinion on the Town's financial statements. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

November 18, 2015

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CLERK-TREASURER  
TOWN OF ORLAND

CLERK-TREASURER  
TOWN OF ORLAND  
EXAMINATION RESULTS AND COMMENTS

***CASH NECESSARY TO BALANCE, BANK RECONCILIATIONS***

No complete depository reconciliations of the fund balances to the bank account balances were presented for the entire five year examination period. We calculated the reconciled bank balances as of December 31, 2014, and compared them to the Town's funds ledgers. This comparison indicated that the total Town's ledger balances exceeded the reconciled bank balances by \$56,440.

On November 9, 2015, the Town Council passed a resolution which approved an adjustment to the Town's funds ledgers of \$56,440.22 to reconcile the funds ledgers to the bank balances.

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."

***CONDITION OF RECORDS***

Financial records presented for examination were incomplete and not reflective of the activity of the Town's funds. The records presented did not provide sufficient information to examine or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

Some of the deficiencies include:

1. Posting errors
2. Checks and receipts not recorded in the proper amounts
3. Formula errors on funds ledger electronic spreadsheets

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)

***PENALTIES, INTEREST, AND OTHER CHARGES***

On December 13, 2013, the Town paid penalties, interest, and other charges to the Internal Revenue Service in the amount of \$596.80 because the Town did not remit payments on a timely basis. On March 18, 2014, the former Clerk-Treasurer made a partial reimbursement of \$120.00 to the Town.

A similar comment appeared in prior Report B38254.

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)

CLERK-TREASURER  
TOWN OF ORLAND  
EXIT CONFERENCE

The contents of this report were discussed on November 18, 2015, with Wendy Kellett, Clerk-Treasurer, and Kevin Kellett, President of the Town Council.