

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

EXAMINATION REPORT
OF
TOWN OF MOORELAND
HENRY COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
01/13/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Supplementary Information:	
Schedule of Long-Term Debt	6
Examination Results and Comments:	
Prescribed Forms	7
Annual Reports.....	7
Bank Account Reconciliations	8
Condition of Records	8
Receipt Issuance	8
Claims Not Prepared For Disbursements to Vendors	8-9
Capital Asset Records	9
Payroll Taxes	9
Certified Report Not Filed	10
List of Employees Not Filed With County Treasurer	10
Deposits.....	10
Delinquent Wastewater Accounts.....	10-11
Police Department Receipts and Fees	11
Exit Conference.....	12

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mysia L. Brown	01-01-04 to 12-31-07
	Linda Madison	01-01-08 to 12-31-11
President of the Town Council	Donald Davis	01-01-06 to 12-31-06
	George Gard	01-01-07 to 12-31-08
Town Marshal	Jeff Murray	01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MOORELAND, HENRY COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Mooreland (Town), for the period of January 1, 2006 to December 31, 2007. 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. Except as described below, we believe that our examination provides a reasonable basis for our opinion.

In the prior examination period, the Town's management did not provide sufficient financial information in the form of detailed cash receipts, disbursements, and cash and investment balances for the Town's individual governmental and proprietary funds. As a result, we issued an adverse examination report opinion. From prior period documentation currently submitted, we were able to reconstruct the ending fund cash and investment balances for the previous examination.

In our opinion, except for the beginning fund balances as more fully explained in the preceding paragraph, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

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

STATE BOARD OF ACCOUNTS

December 10, 2008

TOWN OF MOORELAND
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 15,571	\$ 41,933	\$ 42,325	\$ 15,179
Motor Vehicle Highway	13,542	15,216	9,100	19,658
Local Road and Street	18,224	6,509	5,754	18,979
Community Development Block Grant	46,000	150,000	196,000	-
Operation Pullover	(61)	805	744	-
Riverboat	3,441	2,473	3,441	2,473
Cumulative Capital Improvement	-	1,404	-	1,404
Cumulative Capital Development	11,744	1,629	-	13,373
Proprietary Funds:				
Wastewater Utility - Operating	69,846	62,344	77,042	55,148
Wastewater Utility - Bond and Interest	35,317	297	-	35,614
Wastewater Utility - Depreciation	14,735	95	-	14,830
Wastewater Utility - Construction	44,695	376	-	45,071
Wastewater Utility - Grant	550	-	-	550
Totals	<u>\$ 273,604</u>	<u>\$ 283,081</u>	<u>\$ 334,406</u>	<u>\$ 222,279</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 15,179	\$ 51,451	\$ 49,730	\$ 16,900
Motor Vehicle Highway	19,658	14,129	15,478	18,309
Local Road and Street	18,979	6,744	17,002	8,721
Operation Pullover	-	1,900	1,150	750
Riverboat	2,473	2,478	3,000	1,951
Park and Recreation	-	3,030	2,639	391
Law Enforcement Continuing Education	-	15	-	15
Sidewalk Grant	-	5,000	2,901	2,099
CD Interest	-	72	-	72
Cumulative Capital Improvement	1,404	1,380	1,404	1,380
Cumulative Capital Development	13,373	1,492	2,833	12,032
Proprietary Funds:				
Wastewater Utility - Operating	55,148	77,699	74,362	58,485
Wastewater Utility - Bond and Interest	35,614	2,387	12,050	25,951
Wastewater Utility - Depreciation	14,830	229	-	15,059
Wastewater Utility - Construction	45,071	363	-	45,434
Wastewater Utility - Grant	550	-	-	550
Totals	<u>\$ 222,279</u>	<u>\$ 168,369</u>	<u>\$ 182,549</u>	<u>\$ 208,099</u>

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

TOWN OF MOORELAND
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highways and streets, culture and recreation, solid waste management, wastewater utility service, and general administrative services.

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.

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

TOWN OF MOORELAND
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
Improvements	\$ 94,000	\$ 11,700

TOWN OF MOORELAND
EXAMINATION RESULTS AND COMMENTS

PRESCRIBED FORMS

The following prescribed or approved forms were not in use:

Clerk-Treasurer's Monthly Financial, Depository Statement
and Cash Reconciliation (City and Town Form 206)

Accounts Payable Voucher (Town Form 39)

Receipts (Town Form 217)

Publisher's Claim (General Form 99P)

Mileage Claim (General Form 101)

Payroll Schedule and Voucher (General Form 99)

Accounts Payable Voucher Register (General Form 364)

General Fixed Asset Account Group (Town Form 211)

Employee's Service Record (General Form 99A)

Employee's Earning Record (General Form 99B)

Register of Investments (General Form 350)

The following prescribed or approved forms were not used in prescribed manner:

Ledger of Receipts, Disbursements and Balances (Form 208)

Ledger of Appropriations, Encumbrances, Disbursements and
Balances (City and Town Form 209)

Simplified Cash Journal Wastewater Utility (Utility Form 323)

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)

ANNUAL REPORTS

Annual reports for 2006 and 2007 were not presented for examination.

Indiana Code 5-3-1-3(a) states in part:

"Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

TOWN OF MOORELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination.

Indiana Code 5-13-6-1(e) states in part:

"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

The following deficiencies, relating to the recordkeeping that were cited in the prior examination report, were again present during our period of examination:

1. Record balances were not reconciled to depository balances during the two year period.

Indiana Code 5-13-6-1(e) states in part:

"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."

2. There were several posting errors. These errors included deposits not receipted, interest not posted, and disbursements not posted to the Ledger of Appropriations, Encumbrances, Disbursements and Balances.

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)

RECEIPT ISSUANCE

Official receipts were not issued. Duplicate receipts were not presented for examination.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLAIMS NOT PREPARED FOR DISBURSEMENTS TO VENDORS

The following deficiencies were noted on vendor claims during the examination period:

1. Claims were not prepared for disbursements; therefore, no disbursements had formal evidence that the claim was approved by the Clerk-Treasurer, or that the goods or services had been received.

TOWN OF MOORELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

2. Not all claims were listed on the Accounts Payable Register. Also, the Accounts Payable Register in use was not a prescribed or approved form.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

CAPITAL ASSET RECORDS

No records were presented for examination that indicated that the Town maintains capital asset ledgers.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PAYROLL TAXES

Payments for Social Security Tax and Medicare Tax to the Internal Revenue Service were neither correct nor timely.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF MOORELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

CERTIFIED REPORT NOT FILED

The Town did not file a certified report of compensation of officers and employees (Form 100-R or its equivalent) with the State Board of Accounts for the years 2006 and 2007.

Indiana Code 5-11-13-1 states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Lists of employees were not always certified to the County Treasurer two times a year.

Indiana Code 6-1.1-22-14(a) states in part:

"on or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

DEPOSITS

As stated in the prior examination Report B28849, in numerous instances, receipts were deposited later than the next business day.

Indiana Code 5-13-6-1(d) states:

"A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property until March 31, 2008, when over \$40,000 of delinquent accounts were certified.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

TOWN OF MOORELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (1) a list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
 - (B) a description of the premises, as shown by the records of the county auditor; and
 - (C) the amount of the delinquent fees, together with the penalty; or
 - (2) an individual instrument for each lot or parcel of real property on which the fees are delinquent.
- (c) The officer shall record a copy of each list or each individual instrument with the county recorder. . . .
- (e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

POLICE DEPARTMENT RECEIPTS AND FEES

No gun permit receipts and fees collected by the Police Department were remitted to the Clerk-Treasurer from at least January 1, 2006 to October 21, 2008 (a total of \$400).

Receipts and fees collected by a police department should be remitted to the clerk-treasurer or city controller at least once each week. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2003)

TOWN OF MOORELAND
EXIT CONFERENCE

The contents of this report were discussed on October 28, 2008, with Linda Madison, Clerk-Treasurer; and Mysia L. Brown, former Clerk-Treasurer.

The contents of this report were discussed on October 29, 2008, with George Gard, President of the Town Council. The official concurred with our findings.

The Examination Result and Comment "Police Department Receipts and Fees" of this report was discussed on December 10, 2008, with Jeff Murray, Town Marshal. The official concurred with our finding.