

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

EXAMINATION REPORT  
OF  
TOWN OF MOORES HILL  
DEARBORN COUNTY, INDIANA  
January 1, 2007 to December 31, 2009



**FILED**  
01/10/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Renee Hall	04-14-06 to 12-31-11
President of the Town Council	Willie Woolums Paul Grimsley	01-01-07 to 09-07-09 09-08-09 to 12-31-10
Superintendent of Wastewater Utilities	William Lovins Paul Grimsley	01-01-07 to 01-31-09 02-01-09 to 12-31-10



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MOORES HILL, DEARBORN COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Moores Hill (Town), for the period of January 1, 2007 to December 31, 2009. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

Prior to January 1, 2007, the Town did not maintain financial records to support the amounts reported as cash investment balances for individual funds.

In our opinion, except for the amounts reported as cash and investment balances for individual funds at January 1, 2007, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2007, 2008, and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 4, 2010

TOWN OF MOORES HILL  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2007, 2008 And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 23,246	\$ 30,597	\$ 49,953	\$ 3,890
Motor Vehicle Highway	24,000	23,916	46,573	1,343
Local Road and Street	-	7,152	-	7,152
Riverboat	330,645	346,662	244,795	432,512
Fire	-	2,664	-	2,664
Cumulative Capital Improvement	1,681	1,181	2,200	662
Proprietary Fund:				
Wastewater Utility - Operating	6,161	151,016	154,656	2,521
Fiduciary Fund:				
Payroll	1,711	179,003	177,758	2,956
Totals	<u>\$ 387,444</u>	<u>\$ 742,191</u>	<u>\$ 675,935</u>	<u>\$ 453,700</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 3,890	\$ 66,417	\$ 39,917	\$ 30,390
Motor Vehicle Highway	1,343	18,662	18,550	1,455
Local Road and Street	7,152	6,036	10,935	2,253
Riverboat	432,512	341,214	395,174	378,552
Fire	2,664	9,236	9,804	2,096
Cumulative Capital Improvement	662	2,065	2,000	727
Proprietary Funds:				
Wastewater Utility - Operating	2,521	144,181	140,266	6,436
Storm Sewer Operating	-	3,167	-	3,167
Fiduciary Fund:				
Payroll	2,956	203,564	201,812	4,708
Totals	<u>\$ 453,700</u>	<u>\$ 794,542</u>	<u>\$ 818,458</u>	<u>\$ 429,784</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 30,390	\$ 60,681	\$ 65,539	\$ 25,532
Motor Vehicle Highway	1,455	17,335	17,634	1,156
Local Road and Street	2,253	5,650	7,152	751
Riverboat	378,552	384,337	155,588	607,301
Fire	2,096	7,989	10,085	-
Cumulative Capital Improvement	727	1,947	2,000	674
Proprietary Funds:				
Wastewater Utility - Operating	6,436	146,052	148,381	4,107
Storm Sewer Operating	3,167	3,028	-	6,195
Fiduciary Fund:				
Payroll	4,708	164,645	161,307	8,046
Totals	<u>\$ 429,784</u>	<u>\$ 791,664</u>	<u>\$ 567,686</u>	<u>\$ 653,762</u>

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

TOWN OF MOORES HILL  
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, highway and street, public improvements, general administrative services and wastewater.

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.

TOWN OF MOORES HILL  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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.

Note 6. Restatement

The cash and investment balance at January 1, 2007, includes the Payroll Fund cash and investment balance in the amount of \$1,711 that was not reported on the Schedule of Receipts, Disbursements, and Balances at December 31, 2006.

Note 7. Subsequent Event

In May of the year 2010, the Town will begin a wastewater utility improvement project. The estimated cost of the project is \$3,403,200, which will be funded by a \$1,545,200 State Revolving Loan Fund Grant; a \$1,242,000 State Revolving Loan Fund loan; a \$570,000 Community Block Development Grant; and \$46,000 from local sources. The project is estimated to be completed by March of the year 2011.

TOWN OF MOORES HILL  
EXAMINATION RESULTS AND COMMENTS

FINANCIAL REPORT OPINION MODIFICATION

Prior to January 1, 2007, the Town did not maintain financial records to support the amounts reported as cash and investment balances for individual funds (See prior Report 31396). Therefore, the State Board of Accounts was unable to provide an unqualified opinion on the Independent Accountant's Report for the financial information.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

EXCESS SALARY PAID TO CLERK-TREASURER (Applies to Clerk-Treasurer and Town Council)

Renee Hall, Clerk-Treasurer, was paid \$400 in excess of the salary approved by the Town Council for the year 2008. The following schedule compares the salary paid to Renee Hall and the salary approved by the Town Council in the year 2008 salary ordinance:

	Town General	Wastewater Operating	Totals
Salary Paid	\$ 7,200	\$ 8,800	\$ 16,000
Approved Salary (Note 1)	7,800	7,800	15,600
Excess Salary Paid	\$ (600)	\$ 1,000	\$ 400

Note to Schedule:

- (1) The Town Council did not approve a salary ordinance for the year 2008. The Town continued to use the salary ordinance approved for the year 2007.

The total excess compensation paid was caused by a combination of salary underpayments made during the year and the Town Council amending the Clerk-Treasurer's Salary on September 2, 2008, that increased the Clerk-Treasurer's salary payable from the Wastewater Operating Fund. Information in the Town Council minutes shows that the Town Council increasing the salary of the Clerk-Treasurer was prompted by the resignation of a part-time clerk working in the Clerk-Treasurer's office.

IC 36-5-3-2 states in part the following:

"(a) As used in this section, 'compensation' means the total of all money paid to an elected town officer for performing duties as a town officer, regardless of the source of funds from which the money is paid.

(b) The town legislative body shall, by ordinance, fix the compensation of . . . the town clerk-treasurer . . .

(c) The compensation of an elected town officer may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year . . ."

TOWN OF MOORES HILL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

On August 4, 2010, we requested Renee Hall, Clerk-Treasurer, to refund \$400 to the Town of Moores Hill. (See Summary, page 24) Renee Hall entered into a repayment agreement with The Town Council to refund this amount in installments by means of payroll withholdings. Final payment is to be made in August of the year 2011.

TRAVEL REIMBURSEMENT (Applies to Clerk-Treasurer)

Renee Hall, Clerk-Treasurer, attended the International Institute of Municipal Clerks Convention held in Chicago, Illinois, from May 18, 2009 to May 24, 2009. The Town paid the following travel cost related to Renee Hall attending the convention:

1. Renee Hall was reimbursed mileage for traveling in a vehicle from her residence in Moores Hill to Indianapolis on May 18, 2009, where Renee Hall purchased a round trip train ticket from Indianapolis to Chicago with a Town credit card. Renee Hall was also reimbursed mileage for traveling in a vehicle from Indianapolis to her residence on May 25, 2009. The amount reimbursed to Renee Hall and the cost of the train ticket totaled \$147.80.
2. Renee Hall was also reimbursed \$278 for traveling in a vehicle from Moores Hill to Chicago and return. Supporting documentation presented for examination showed mileage reimbursement was claimed for traveling to Chicago on May 23, 2010, and returning to Moores Hill on May 25, 2010.

Renee Hall stated that she became injured while at the convention and that the mileage claimed was for her husband driving to Chicago to pick her up.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

On August 4, 2010, we requested Renee Hall, Clerk-Treasurer, to refund \$278 to the Town of Moores Hill. (See Summary, page 24) Renee Hall entered into a repayment agreement with The Town Council to refund this amount in installments by means of payroll withholdings. Final payment is to be made in August of the year 2011.

TRAVEL POLICY (Applies to Clerk-Treasurer and Town Council)

Checks were written payable to Renee Hall, Clerk-Treasurer, in the amounts of \$320 in the year 2008 and \$320 in the year 2009, for meals while attending meetings and conferences which required overnight stay. The meal reimbursement was based on a per diem rate of \$40 per day. No meal receipts or other items of documentation were attached to the Accounts Payable Voucher showing the actual amount expended for meals. No ordinance was presented for examination authorizing the payment of a per diem rate in lieu of submitting travel receipts. The Accounts Payable Vouchers submitted by Renee Hall were approved by the Town Council.

Renee Hall stated she filed her claim for travel reimbursement based on the Town Council's approval on June 4, 2007, authorizing the paying of a travel allowance at the rate of \$40 per day.

TOWN OF MOORES HILL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

The Town Council approval of a travel allowance, recorded in the June 4, 2007 minutes, did not address whether the travel allowance was in lieu of submitting receipts. In addition, the travel allowance was not established by an ordinance.

When traveling outside the local unit's boundaries on official business, officers and employees may also be reimbursed for meals, lodging, and incidental expenses as defined in the travel policy. The claim for reimbursement should be supported by itemized receipts from hotels, restaurants, and taxi cabs used by the officer or employee while traveling on official business.

It is permissible for the legislative body of the local unit or the board or commission having the authority to approve claims to adopt an ordinance or resolution establishing a reasonable per diem rate intended to cover travel expenses other than hotel and mileage costs and the officer or employee may be reimbursed on the basis of such a per diem rate in lieu of submitting receipts. If a fixed per diem rate is established by policy, the policy should clearly indicate which type of expenses, in addition to meals, are included in the rate and which related expenses are to be reimbursed on the basis of actual receipts being submitted by the officer or employee. The policy should also define the local unit's boundaries for purposes of reimbursing travel; i.e. outside a 50-mile radius of the office, outside of the county, etc. The policy should cover a proportionate reduction in the per diem rate when meals are provided by an outside party. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2004)

POLITICAL EXPENDITURES (Applies to Clerk-Treasurer)

Renee Hall, Clerk-Treasurer, purchased political campaign signs on October 10, 2007, in the amount of \$397.50. Renee Hall stated these signs were for her campaign to be elected Clerk-Treasurer.

Expenditures for political purposes, contributions to political campaigns, directly or indirectly, which are not authorized by statute may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

On August 4, 2010, we requested Renee Hall, Clerk-Treasurer, to refund \$397.50 to the Town of Moores Hill. (See Summary, page 24) Renee Hall entered into a repayment agreement with The Town Council to refund this amount in installments by means of payroll withholdings. Final payment is to be made in August of the year 2011.

REFUND NOT DEPOSITED (Applies to Clerk-Treasurer)

On October 10, 2008, the Town paid \$605 to the Indiana Association of Cities and Towns for conference registrations. The amount paid included \$185 conference registration fee for Pam Woolums, spouse of a former Town Council member, who attended the conference with her husband. No written receipt was presented for examination and there was no deposit for a \$185 refund.

The following is additional information concerning the refund of the conference expenses:

- (1) Renee Hall, Clerk-Treasurer, stated she received a \$185 cash refund from Pam Woolums about the first part of March of the year 2009. Renee Hall stated she placed the money in a desk drawer and forgot about the money until she determined that the money was stolen. A police report (Number 12-10-000011) dated April 7, 2010, states that Renee Hall reported money was stolen on February 9, 2010.

TOWN OF MOORES HILL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (2) Pam Woolums stated she refunded the conference fee in cash to Renee Hall about the first part of March of the year 2009 and did not receive a receipt.

IC 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."

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)

On August 4, 2010, we requested Renee Hall, Clerk-Treasurer, to refund \$185 to the Town of Moores Hill. (See Summary, page 24) Renee Hall entered into a repayment agreement with The Town Council to refund this amount in installments by means of payroll withholdings. Final payment is to be made in August of the year 2011.

APPROVAL AND PROCESSING OF CHRISTMAS BONUSES  
(Applies to Clerk-Treasurer and Town Council)

Christmas bonuses totaling \$950 were paid to Town employees and officials (also see Examination Result and Comment titled "Christmas Bonuses Paid to Elected Town Officials") during the years 2008 and 2009. The following is additional information regarding the bonuses:

1. The bonuses were paid in cash with funds withdrawn by the Clerk-Treasurer from a Town savings account.

Disbursements, other than proper petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

2. No supporting documentation was presented for examination identifying the Town officials and employees receiving the bonus and the amounts paid.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

At our request, the Clerk-Treasurer submitted documentation signed by each Town official and employee stating that they received \$50 in cash for each of the years.

3. Approval of the bonuses was not included in the salary ordinances for the years 2008 or 2009.

TOWN OF MOORES HILL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing 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)

4. No supporting documentation was presented for examination documenting that the Town Council approved the payment of the Christmas bonuses.

Payments of the bonuses were not processed using an Accounts Payable Voucher (Form 261) or a Payroll Schedule and Voucher (Form 99) and approval by the Town Council was not documented on an Accounts Payable Voucher Register (Form 364).

IC 5-11-10-1.6(c) states in part: "The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless . . . 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."

CHRISTMAS BONUS PAID TO ELECTED OFFICIALS (Applies to Clerk-Treasurer and Town Council)

The following elected Town officials were paid \$50.00 Christmas bonuses in the years 2008 and 2009:

Official	2008	2009	Totals
Renee Hall, Clerk-Treasurer	\$ 50	\$ 50	\$ 100
Willie Woolums, Town Council member	50	50	100
Robert Taylor, Town Council member	50	-	50

The above payments were not included in the 2008 and 2009 salary ordinance. Also see Examination Result and Comment titled "Approval and Processing of Christmas Bonuses."

IC 36-5-3-2 states in part the following:

"(a) As used in this section, 'compensation' means the total of all money paid to an elected town officer for performing duties as a town officer, regardless of the source of funds from which the money is paid.

(b) The town legislative body shall, by ordinance, fix the compensation of its own members, the town clerk-treasurer . . .

(c) The compensation of an elected town officer may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year . . ."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing 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)

TOWN OF MOORES HILL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Requests for Refund

On August 4, 2010, we requested Renee Hall, Clerk-Treasurer, to refund \$100 to the Town of Moores Hill. (See Summary, page 24) Renee Hall entered into a repayment agreement with The Town Council to refund this amount in installments by means of payroll withholdings. Final payment is to be made in August of the year 2011.

Pamela Woolums refunded \$100 to the Town on behalf of Willie Woolums, former Town Council member, on August 26, 2010. (See Summary, page 24)

Robert Taylor, former Town Council member, refunded \$50 to the Town of Moores Hill on August 2, 2010. (See Summary, page 24)

INVESTMENTS (Applies to Clerk-Treasurer)

The following items related to investments were noted:

- (1) A certificate of deposit for \$75,000 matured on December 10, 2010. The Clerk-Treasurer had the depository "roll over" the mature investment plus the interest earned into a new certificate of deposit. There was no recording of the sale of the matured investment and the interest earned or purchase of the new investment on the Town's financial records.
- (2) On July 13, 2009, the Clerk-Treasurer withdrew \$10,000 from certificate of deposit number 353611935 which had a principal balance of \$40,938. This original certificate of deposit was purchased from the Riverboat Fund; however, the \$10,000 withdrawn from the certificate of deposit was deposited to the credit of the Wastewater Operating Fund.
- (3) The Clerk-Treasurer withdrew \$406,000 from a Town savings account and purchased four certificates of deposit. Since no checks were issued for the purchase of the certificates of deposit, the purchases were not recorded in the Town's financial records.
- (4) Interest earned on some investments was automatically added to the principal and not recorded in the records in some instances.

At the time investments are purchased, the clerk-treasurer should issue a check for the full cost of the securities and enter that amount as a disbursement from the fund or funds from which the investment is made. When the investments by fund are sold, the full amount of such sale should be entered as receipt to the fund from which the investment was made. The receipt should show separately the principal (purchase price) received and the interest received from the investment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment was reported in prior Report B31396.

TOWN OF MOORES HILL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

NO ACCOUNTS RECEIVABLE CONTROL (Applies to Clerk-Treasurer and Wastewater Utility)

The Clerk-Treasurer did not maintain an accounts receivable control account which is a summary account to be used to reconcile to the individual accounts receivable accounts recorded in the Consumer's Ledger on a monthly basis. General Ledger Sheet (General Form No. 315) has been prescribed for use as an accounts receivable control account.

When utility records are kept on a cash or single-entry basis, a separate control account should be carried on General Ledger Sheet, General Form No. 315, in the front of the Consumer's Ledger. This account will be debited with the total monthly billing to all customers for utility services including penalties and sales tax. This account will be credited with the total accounts receivable collections, penalties and sales tax shown by the Register of Daily Cash Receipts - Consumers. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 4)

A similar comment was reported in prior Reports B26360 and B31396.

OPTICAL IMAGES OF CHECKS (Applies to Clerk-Treasurer)

In March of the year 2009, the Town's depository began returning the optical image of the front side of canceled checks with the monthly bank statements for the Town's general and wastewater utility bank accounts. No optical images of the back side or endorsement side of checks were returned. For the years 2007, 2008, and 2009, the Town's depository did not return either canceled checks or optical images of canceled checks for the Town's payroll bank account.

IC 5-15-6-3 concerning optical imaging of checks states in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Further, IC 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

TOWN OF MOORES HILL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

APPROVAL OF EXPENDITURES (Applies to Town Council and Clerk-Treasurer)

The following deficiencies were noted regarding the Town Council's approval of Town expenditures:

1. The Town Council does not approve vendor claims and payroll claims prior to the Clerk-Treasurer making payments. Town Council approval is made at the next meeting after payments are made. No ordinance authorizing the payment of claims prior to Town Council approval was presented for examination.

IC 36-5-4-12 states in part:

"(a) The legislative body of a town may adopt an ordinance allowing money to be disbursed under this section for lawful town purposes.

(b) . . . with the prior written approval of the board having jurisdiction over allowance of the claims, a town fiscal officer may make claim payment in advance of a board allowance . . . if the town legislative body has adopted an ordinance under section (a) . . .

(c) Each payment of expenses under this section must be supported by a fully itemized invoice or bill and certification by the fiscal officer.

(d) The town legislative body or the board having jurisdiction over the allowance of the claim shall review and allow the claim at the body's or board's next regular or special meeting following the preapproved payment of the expense."

2. The Clerk-Treasurer made two withdrawals totaling \$180,000 in the year 2008 from a Town's savings account. The withdrawals were used to obtain cashier checks used to purchase property. No Accounts Payable Vouchers (Form 261) were prepared to support these two financial transactions and the two payments were not listed on the Accounts Payable Voucher Register (Form 364).

IC 5-11-10-1.6(c) states in part:

"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;

TOWN OF MOORES HILL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (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."

TRANSFER OF FUNDS (Applies to Town Council and Clerk-Treasurer)

The following were noted regarding transfer of monies between funds:

1. Transfers of funds totaling \$28,500, \$1,000 and \$10,000 were made from the Riverboat Fund to the Wastewater Operating Fund in the years 2007, 2008, and 2009, respectively. An ordinance passed by the Town Council was not presented for examination authorizing the transfers between funds and the transfers were not supported by an Accounts Payable Voucher (Form 261) documenting Town Council approval of the transfers. The transfers were not repaid to the transferring fund. Town officials did not present for examination the statutory authority that would allow for the permanent transfer of these monies.

IC 36-1-8-4(a) states in part:

"The fiscal body of a political subdivision may, by ordinance or resolution, permit the transfer of a prescribed amount, for a prescribed period, to a fund in need of money for cash flow purposes from another fund of the political subdivision if all these conditions are met:

- (1) It must be necessary to borrow money to enhance the fund that is in need of money for cash flow purposes.
- (2) There must be sufficient money on deposit to the credit of the other fund that can be temporarily transferred.
- (3) . . . the prescribed period must end during the budget year of the year in which the transfer occurs.
- (4) The amount transferred must be returned to the other fund at the end of the prescribed period."

Payments or transfers which are not authorized by statute, ordinance, resolution or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

2. During the years 2007, 2008, and 2009, the Town transferred \$2,200, \$2,000, and \$2,000, respectively, from the Cumulative Capital Improvement Fund to the General Fund. No ordinances or resolutions approving the transfer of funds were presented for examination.

TOWN OF MOORES HILL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

IC 6-7-1-31.1(c) states:

"A city or town may at any time, by ordinance or resolution, transfer to:

- (1) its general fund; or
- (2) an authority established under IC 36-7-23;

money derived under this chapter that has been deposited in the city's or town's cumulative capital improvement fund."

A similar comment was reported in prior Report B31396.

CAPITAL ASSET RECORDS (Applies to Clerk-Treasurer and Town Council)

The Town does not maintain sufficient detailed records of its capital assets for its governmental activities or for the Wastewater Utility. In addition, no capitalization policy has been adopted by the Town Council.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. 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)

The governing body should establish a capitalization policy that sets a dollar amount as a threshold to be used in determining which items will be recorded. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment was reported in the prior Report B31396.

PENALTIES, INTEREST, AND OTHER CHARGES (Applies to Clerk-Treasurer)

Penalties and interest totaling \$3,095.29 were paid to the Internal Revenue Service and the Indiana Department of Revenue in the year 2009. The amount paid consisted of penalties and interest assessed for the years 2004 through 2007.

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)

TOWN OF MOORES HILL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

PURCHASE OF REAL PROPERTY (Applies to Town Council)

The Town purchased 17.5 acres of land for \$180,000 in the year 2008. No resolution or ordinance was presented for examination stating that the Town Council was interested in making a purchase of the real property. The Town Council obtained two appraisals; however, the appraisals presented for examination were not comparable. One appraisal was for the entire 17.5 acres and appraised the property at \$180,000. The second appraisal was for only 10 acres and appraised the property at \$118,000.

IC 36-1-10.5-5 states in part:

"A purchasing agent shall purchase land or a structure only after compliance with the following procedures:

- (1) The fiscal body of the political subdivision shall pass a resolution to the effect that it is interested in making a purchase of specified land or a structure.
- (2) The purchasing shall appoint two (2) appraisers to appraise the fair market value of the land or structure . . ."

IC 36-1-10.5-6 states: "A purchasing agent may not purchase any land or structure for a price greater than the average of the two (2) appraisals received under section 5 of this chapter."

DONATIONS (Applies to Town Council)

The Town donated \$1,000, \$1,500 and \$1,500 to the Moores Hill Softball/Baseball Organization from the Riverboat Fund during the years 2007, 2008, and 2009, respectively. No contracts or agreements specifying what services were to be provided to the Town were presented for examination.

IC 36-10-2-4 allows a city or town to establish aid, maintain, and operate libraries and museums, cultural, historical, and scientific facilities and programs, and community service facilities and programs. If a city or town desires to fund one of the aforementioned programs or activities, a contract should be entered into setting out what services are to be provided to the city or town. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September, 2002)

PAYROLL RECORDS (Applies to Clerk-Treasurer)

The following items were noted in reviewing the payroll process:

- (1) Payroll Schedule and Voucher (Form 99), prescribed to document time worked, leave taken, and certification of department head, was not used during the examination period.
- (2) Employee Service Record (Form 99A), prescribed to monitor compliance with Town Council's compensated absences policy and used to prepare the Payroll Schedule and Voucher (Form 99), was not used during the examination period.
- (3) The biweekly payroll is not included on the monthly Accounts Payable Voucher Register (Form 364) which is used by the Town Council to approve all expenditures made by the Town.

TOWN OF MOORES HILL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

A similar comment was reported in prior Reports B26360 and B31396.

APPROPRIATIONS (Applies to Clerk-Treasurer)

Expenditures paid from the Riverboat Fund during the years 2007, 2008, and 2009 were made without obtaining an appropriation approved by the Town Council. Expenditures paid from the Fire Fund in the year 2007 and from the General Fund in the year 2008 exceeded appropriations approved by the Town Council by \$1,506 and \$861, respectively.

IC 36-5-4-2 states: "Unless a statute provides otherwise, town monies may be disbursed only after an appropriation made by ordinance of the town legislative body and recorded in a book kept for that purpose by the legislative body. Each appropriation must be made from the fund against which the expense arose."

A similar comment was reported in prior Reports B26360 and B31396.

CREDIT CARDS (Applies to Clerk-Treasurer and Town Council)

The Town used credit cards to purchase items without an approved credit card policy. A credit card statement was attached to all ten months of credit card accounts payable vouchers we examined; however, for eight of the months, we noted that one or two supporting invoices were missing from each of those months.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.

TOWN OF MOORES HILL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

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

DELINQUENT WASTEWATER ACCOUNTS (Applies to Clerk-Treasurer)

The Wastewater Utility's Accounts Receivable Aged Trial Balance, at March 31, 2010, showed a total of \$10,127 of the customer accounts 90 days past due, out of a total accounts receivable of \$20,919. The delinquent accounts represent 48% of the total accounts receivable at March 31, 2010. Renee Hall, Clerk-Treasurer, stated that delinquent wastewater fees and penalties had not been recorded with the County Recorder or certified to the County Auditor which would result in a lien against the property since September 2009.

IC 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:

- (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. . . ."

TOWN OF MOORES HILL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

"(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 . . ."

OFFICIAL BOND COVERAGE (Applies to Clerk-Treasurer and Town Council)

Renee Hall, Clerk-Treasurer, is covered by the following surety bonds that have a three year period of coverage:

Surety:	Auto-Owners Insurance Company
Bond Number:	278002
Period of Coverage:	July 10, 2006 to July 10, 2009
Amount:	\$15,000

Surety:	Auto-Owners Insurance Company
Bond Number:	067602-66309817
Period of Coverage:	July 09, 2009 to July 10, 2012
Amount:	\$30,000

IC 5-4-1-18(c) (effective July 1, 2009) states in part:

". . . the fiscal bodies . . . shall fix the amount of the bond of . . . town clerk-treasurers . . . as follows:

- (1) The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) . . ."

TOWN OF MOORES HILL  
EXIT CONFERENCE

The contents of this report were discussed on August 4, 2010, with Paul Grimsley, President of the Town Council, and Lanny Dell, Town Council member. The officials concurred with our findings.

The contents of this report were discussed in a separate exit conference on August 4, 2010, with Renee Hall, Clerk-Treasurer. The official response has been made a part of this report and may be found on pages 22 and 23.

TO THE STATE BOARD OF ACCOUNTS

DATE: 08-10-2010

I FEEL I WOULD LIKE TO LEAVE AN EXPLANATION OF THE FOLLOWING MONIES THAT THE STATE BOARD OF ACCOUNTS SAID I OWE THEM.

MY VOTING SIGNS IN 2007 WERE PAID FOR BY THE TOWN AS THE PRESIDENT SAID TO DO THAT SO I DID THAT, NOT KNOWING THAT THE TOWN DOES NOT PAY FOR VOTING SIGNS.

THEN THE MILEAGE OF 278.00 WAS INCURRED WHEN I WENT TO CHICAGO BY TRAIN AND INCURRED MILEAGE TO GET ME TO TRAIN, THEN LUGGAGE BROKE AND I HAD TO CARRY THE LUGGAGE TO HOTEL AND THAT CRIPPLED ME SO I ASKED HUSBAND TO ASK PRESIDENT IF I COULD HAVE SOMEONE COME AND GET ME AND PAY THEM MILEAGE AND HE SAID YES, THEN FOUND OUT I COULD NOT PAY SOMEONE AGAIN FOR THE SAME TRIP.

PAYROLL INCREASE WAS NOT ALLOWED BEFORE THE NEW YEAR STARTED, I HAD ASKED CHARLIE PRIDE AND I DID NOT EXPLAIN THAT IT WAS FOR AN ELECTED OFFICIAL SO I PAID MYSELF BEFORE THE YEAR WAS UP AND SO I HAVE TO PAY THAT BACK.

MY CHRISTMAS BONUS FOR 2008 AND 2009 OF 50 DOLLARS EACH, I WAS NOT INFORMED THAT WE COULD NOT ACCEPT THESE BONUSES.

PRESIDENT AND WIFE WENT ON A TRIP WITH ME AND THEY PAID BACK THE 185.00 TRIP MONIES OWED BUT WAS VERY LATE IN PAYING THEM, SO I JUST DROPPED IT IN THE DRAWER AND IT WAS FORGOTTEN ABOUT UNTIL I REALIZED THERE WAS A THEFT AND THAT WAS PART OF THE THEFT, SO SINCE IT WAS TOO LONG IN GETTING TO THE BANK, I AM RESPONSIBLE FOR THAT AS WELL.

I HAVE LEARNED A LOT IN MY YEARS HERE AND HOW LOCAL GOVERNMENT WORKS. I AM GRATEFUL FOR THE STATE BOARD OF ACCOUNTS FOR THEIR TEACHINGS AND I WILL NOT MAKE THE SAME MISTAKES TWICE !

THANK YOU

  
RENEE L. HALL/ CLERK TREASURER

Renee Hall/ Clerk Treasurer of Moores Hill, Indiana

PAYMENT SCHEDULE FOR REIMBURSEMENT TO THE TOWN OF MOORES HILL WHICH WILL BE PAYROLL DEDUCTED FOR A TOTAL OF 12 MONTHS

VOTING SIGNS: 397.50

MILEAGE: 278.00

PAYROLL: 400.00

2009/2009 XMAS 100.00 BONUS

REFUND 185.00 IT WAS STOLEN BUT I DIDN'T DEPOSIT IT ON TIME.

+++++

TOTAL OF: \$1360.50

I HAVE MADE A ONE YEAR SCHEDULE THAT I CAN APPLY TO THIS AMOUNT AS FOLLOWS:

1360.50 LESS 280. ALREADY PAID. DIVIDED BY 12 = 90.05 PER MONTH DIVIDED BY TWO CHECKS 45.03 PER CHECK.

THANK YOU FOR ANY AND ALL CONSIDERATION IN THESE ERRORS THAT HAVE OCCURED. I CAN TELL YOU THAT I DO NOT HAVE THE 'CASH' ON HAND TO PAY THIS OUTRIGHT.

SINCERELY

*Renee L. Hall*

RENEE L.HALL/CLERK TREASURER

X President: Paul G. Jay  
X Council Member:

TOWN OF MOORES HILL  
SUMMARY

	Charges	Credits	Totals
Renee Hall, Clerk-Treasurer:			
Excess Salary Paid to Clerk-Treasurer, pages 7 and 8	\$ 400.00	\$	\$
Travel Reimbursement, page 8	278.00		
Political Expenditures, page 9	397.50		
Refund Not Deposited, pages 9 and 10	185.00		
Christmas Bonus Paid to Elected Officials, pages 11 and 12	100.00		
Repayments made through payroll withholdings as of November 19, 2010		600.00	760.50
	1,360.50	600.00	760.50
Totals - Renee Hall			
	1,360.50	600.00	760.50
Willie Woolums, former Town Council member:			
Christmas Bonus Paid to Elected Officials, pages 11 and 12	100.00		
Refund by Pamela Woolums on behalf of Willie Woolums Receipt No. 0206; August 26, 2010		100.00	-
	100.00	100.00	-
Totals - Willie Woolums			
	100.00	100.00	-
Robert Taylor, former Town Council member:			
Christmas Bonus Paid to Elected Officials, pages 11 and 12	50.00		
Refund by Robert Taylor, Receipt No. 547; August 2, 2010 Receipt No. 0206; August 26, 2010		50.00	-
	50.00	50.00	-
Totals - Robert Taylor			
	50.00	50.00	-
Totals			
	\$ 1,510.50	\$ 750.00	\$ 760.50

AFFIDAVIT

STATE OF INDIANA        )  
Dear born COUNTY    )

I, Richard N. Ahlrich, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Town of Moores Hill, Dearborn County, Indiana, for the period from January 1, 2007 to December 31, 2009, is true and correct to the best of my knowledge and belief.

Richard Ahlrich  
Field Examiner

Subscribed and sworn to before me this 8<sup>th</sup> day of December, 2010.

Phillip D. Warner  
Clerk of the Circuit Court