

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF MOORES HILL

DEARBORN COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
12/09/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Guinevere Emery	01-01-12 to 12-31-15
President of the Town Council	Lanny Dell	01-01-12 to 12-31-13
Superintendent of Wastewater Utility	Paul Grimsley	01-01-12 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statement of the Town of Moores Hill (Town), for the year ended December 31, 2012. The financial statement is the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statement 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 statement 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 statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the year ended December 31, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the year ended December 31, 2012, 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 statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement 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.

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

October 23, 2013

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FINANCIAL STATEMENT

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

TOWN OF MOORES HILL
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
General	\$ 25,935	\$ 78,365	\$ 81,379	\$ 22,921
Motor Vehicle Highway	6,973	20,731	23,430	4,274
Local Road And Street	3,549	10,460	8,387	5,622
Unsafe Building Fund	-	20,456	-	20,456
Riverboat Savings and CDs	835,419	261,813	239,570	857,662
Rainy Day Fund	-	7,211	-	7,211
Cigg Tax	1,907	1,583	3,490	-
Dearborn Community Foundation Grant	39,791	77,715	39,789	77,717
Fire Contract	-	7,565	7,385	180
Riverboat Checking Fund	97,967	425,969	415,653	108,283
Payroll Acct	996	176,264	174,179	3,081
Daily Cash Drawer	201	-	-	201
Debit Account/Payment Account	67,404	54,759	72,529	49,634
Debt Reserve/Sinking Fund	11,520	7,346	-	18,866
Construction Account	7,353	142,015	141,077	8,291
WWTP Operating/Maintenance - Storm Drain Fund	-	37,484	-	37,484
Wastewater Utility - Operating	86,638	246,644	218,507	114,775
Stormwater Fund	11,681	1,368	13,049	-
Totals	<u>\$ 1,197,334</u>	<u>\$ 1,577,748</u>	<u>\$ 1,438,424</u>	<u>\$ 1,336,658</u>

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

TOWN OF MOORES HILL
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, public improvements, general administrative services, wastewater, and storm water.

The accompanying financial statement presents the financial information for the Town.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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 statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, property tax replacement credit (local option tax), county option income tax, food and beverage tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

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, 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: copies of public records, copy machine charges, accident report copies, gun permit applications, and building rental fees.

TOWN OF MOORES HILL
NOTES TO FINANCIAL STATEMENT
(Continued)

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 (forfeits).

Utility fees which are comprised mostly of charges for current services and penalties for late payments.

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

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. 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.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, 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.

TOWN OF MOORES HILL
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

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.

TOWN OF MOORES HILL
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statement. 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

Funding Policy and Annual Pension Cost

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the Town which is 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 MOORES HILL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	General	Motor Vehicle Highway	Local Road And Street	Unsafe Building Fund	Riverboat Savings and CDs	Rainy Day Fund	Cigg Tax
Cash and investments - beginning	\$ 25,935	\$ 6,973	\$ 3,549	\$ -	\$ 835,419	\$ -	\$ 1,907
Receipts:							
Taxes	41,647	16,559	-	-	-	-	1,583
Intergovernmental	13,640	-	6,288	-	39,396	-	-
Charges for services	94	-	-	-	-	-	-
Fines and forfeits	1,105	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	21,879	4,172	4,172	20,456	222,417	7,211	-
Total receipts	<u>78,365</u>	<u>20,731</u>	<u>10,460</u>	<u>20,456</u>	<u>261,813</u>	<u>7,211</u>	<u>1,583</u>
Disbursements:							
Personal services	31,160	17,749	-	-	-	-	-
Supplies	500	-	2,455	-	-	-	-
Other services and charges	31,183	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	18,536	5,681	5,932	-	239,570	-	3,490
Total disbursements	<u>81,379</u>	<u>23,430</u>	<u>8,387</u>	<u>-</u>	<u>239,570</u>	<u>-</u>	<u>3,490</u>
Excess (deficiency) of receipts over disbursements	<u>(3,014)</u>	<u>(2,699)</u>	<u>2,073</u>	<u>20,456</u>	<u>22,243</u>	<u>7,211</u>	<u>(1,907)</u>
Cash and investments - ending	<u>\$ 22,921</u>	<u>\$ 4,274</u>	<u>\$ 5,622</u>	<u>\$ 20,456</u>	<u>\$ 857,662</u>	<u>\$ 7,211</u>	<u>\$ -</u>

TOWN OF MOORES HILL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Dearborn Community Foundation Grant	Fire Contract	Riverboat Checking Fund	Payroll Acct	Daily Cash Drawer	Debit Account/Payment Account
Cash and investments - beginning	\$ 39,791	\$ -	\$ 97,967	\$ 996	\$ 201	\$ 67,404
Receipts:						
Taxes	-	7,565	-	-	-	-
Intergovernmental	-	-	272,327	-	-	27,000
Charges for services	-	-	3,555	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	77,715	-	150,087	176,264	-	27,759
Total receipts	<u>77,715</u>	<u>7,565</u>	<u>425,969</u>	<u>176,264</u>	<u>-</u>	<u>54,759</u>
Disbursements:						
Personal services	-	-	57,597	123,801	-	-
Supplies	-	-	16,027	-	-	-
Other services and charges	-	7,385	67,232	60	-	-
Debt service - principal and interest	-	-	27,000	-	-	-
Capital outlay	-	-	42,839	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	39,789	-	204,958	50,318	-	72,529
Total disbursements	<u>39,789</u>	<u>7,385</u>	<u>415,653</u>	<u>174,179</u>	<u>-</u>	<u>72,529</u>
Excess (deficiency) of receipts over disbursements	<u>37,926</u>	<u>180</u>	<u>10,316</u>	<u>2,085</u>	<u>-</u>	<u>(17,770)</u>
Cash and investments - ending	<u>\$ 77,717</u>	<u>\$ 180</u>	<u>\$ 108,283</u>	<u>\$ 3,081</u>	<u>\$ 201</u>	<u>\$ 49,634</u>

TOWN OF MOORES HILL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Debt Reserve/Sinking Fund	Construction Account	WWTP Operating/Maintenance - Storm Drain Fund	Wastewater Utility - Operating	Stormwater Fund	Totals
Cash and investments - beginning	\$ 11,520	\$ 7,353	\$ -	\$ 86,638	\$ 11,681	\$ 1,197,334
Receipts:						
Taxes	-	-	-	-	-	67,354
Intergovernmental	-	142,000	-	-	-	500,651
Charges for services	-	-	-	-	-	3,649
Fines and forfeits	-	-	-	-	-	1,105
Utility fees	-	-	-	194,336	1,368	195,704
Other receipts	7,346	15	37,484	52,308	-	809,285
Total receipts	7,346	142,015	37,484	246,644	1,368	1,577,748
Disbursements:						
Personal services	-	-	-	-	-	230,307
Supplies	-	-	-	-	-	18,982
Other services and charges	-	-	-	-	-	105,860
Debt service - principal and interest	-	-	-	-	-	27,000
Capital outlay	-	-	-	35,530	-	78,369
Utility operating expenses	-	141,062	-	147,087	-	288,149
Other disbursements	-	15	-	35,890	13,049	689,757
Total disbursements	-	141,077	-	218,507	13,049	1,438,424
Excess (deficiency) of receipts over disbursements	7,346	938	37,484	28,137	(11,681)	139,324
Cash and investments - ending	\$ 18,866	\$ 8,291	\$ 37,484	\$ 114,775	\$ -	\$ 1,336,658

TOWN OF MOORES HILL
SCHEDULE OF DEBT
December 31, 2012

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Wastewater:			
General obligation bonds	New Wastewater Treatment Plant - Bond Series A	\$ 1,226,000	\$ 56,569
General obligation bonds	New Wastewater Treatment Plant - Bond Series B	<u>349,000</u>	<u>16,261</u>
Totals		<u>\$ 1,575,000</u>	<u>\$ 72,830</u>

TOWN OF MOORES HILL
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

The Annual Report for 2012 was filed timely but contained an error in disbursements and the ending balance. A \$25,000 disbursement from the Riverboat Checking Fund was reported as an investment purchase. This resulted in the ending cash and investment balance being overstated by \$25,000.

On August 19, 2013, a corrected annual financial report was filed. The \$25,000 disbursement and ending balance were reported correctly. The financial statement was compiled from the corrected annual financial report. The financial statement was approved by the Clerk-Treasurer.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

TAXES PAID ON PROPERTY PURCHASED BY THE TOWN

In the year 2012, the Town paid property taxes of \$2,077 on real property that the Town purchased in 2010. The deed should have been transferred to the Town at the time of purchase, thereby exempting the property from the payment of property taxes after November of the year of 2011. However, the property was not transferred until December of the year 2012.

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)

APPROPRIATIONS

Records presented for examination indicated that the Motor Vehicle Highway Fund expenditures were in excess of budgeted appropriations in the amount of \$1,509.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

TOWN OF MOORES HILL
EXIT CONFERENCE

The contents of this report were discussed on October 23, 2013, with Guinevere Emery, Clerk-Treasurer, and Lanny Dell, President of the Town Council. The Official Response has been made a part of this report and may be found on page 18.

TOWN OF MOORES HILL
P.O. BOX 323, 16610 N. BROADWAY ST.
MOORES HILL, IN. 47032
Office: (812) 744-6213 Fax: (812) 744-1350

EXAMINATION RESULTS AND COMMENTS
2012 STATE BOARD OF ACCOUNTS - AUDIT

Auditee Contact Person: Guinevere Emery
Title of Contact Person: Clerk-Treasurer
Phone Number: (812) 744-6213

ANNUAL REPORT:

With regards to the Annual Report for 2012; a \$25,000 disbursement from the Riverboat Checking Fund was approved by Town Council for the purchase of a Town of Moores Hill Parks and Recreation Endowment Fund. (Check # 1421 disbursed on 3-19-12. Resolution 2013-3-2) This transaction was processed correctly with State Board of Accounts input and approval. The error on the Annual Report regards listing this disbursement as an investment, as well as, a disbursement on the annual report. This error has been corrected.

TAXES PAID ON PROPERTY PURCHASED BY THE TOWN:

The previous Clerk Treasurer failed to file the deed, sales disclosure or transfer taxes after the Town of Moores Hill purchased real property in 2010. As taxes are billed in arrears, these property taxes continued to accrue. No records were available to record regarding the sales contract, deed or sales disclosure. Once all documents were recreated and received, the current Clerk/Treasurer filed the deed, sales disclosure and transferred the property taxes immediately.

APPROPRIATIONS:

The Town of Moores Hill submitted an additional appropriation request of \$2000 to the Department of Local Government & Finance in August of 2012 and submitted the Notice to Taxpayers of Additional Appropriations for this request. However, this request was removed in error from the published Notice to Taxpayers of Additional Appropriations and therefore not on the DLGF Additional Appropriation Order #1032864. We do not anticipate an excess of budget appropriations for the current year.