

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
TOWN OF MOORELAND
HENRY COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
11/29/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mysia L. Brown	01-01-04 to 12-31-07
President of the Town Council	George Gard	01-01-04 to 12-31-04
	Raymond Perdue	01-01-05 to 12-31-05
	Donald Davis	01-01-06 to 12-31-06



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, 2004 to December 31, 2005. 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. We believe that our examination provides a reasonable basis for our opinion.

The Town's management did not provide financial information in the form of cash receipts, disbursements and balances for the Town's funds for the period examined. We were therefore unable to express an opinion on this financial information. We were able to obtain bank account balances for the Town's bank accounts. This information is not intended to comply with the uniform compliance guidelines established by the Indiana State Board of Accounts.

In our opinion, the financial information referred to above does not present fairly, and is not intended to present fairly, in all material respects, the financial information of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

November 2, 2006

TOWN OF MOORELAND
 SCHEDULE OF BANK ACCOUNT BALANCES
 As Of December 31, 2005

	Bank Account Balances 12-31-05
Bank Account Balances:	
Mooreland Sewage Works	\$ 29,575
Mooreland Sewage Construction	44,695
Mooreland Sewage Improvement	14,735
Mooreland Sewage Sinking	35,317
Mooreland Sewage Grant Fund	550
Mooreland Sewage Works MM	23,994
Mooreland Corporation	39,807
Mooreland Corporation	28,137
Totals	\$ 216,810

The accompanying notes are an integral part of the schedule.

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, parks and recreation, solid waste management, wastewater utility, 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.

Note 6. Long-Term Debt

The Town has entered into debt (bonds for Wastewater System Improvements). The outstanding principal at December 31, 2005, was \$114,000.

TOWN OF MOORELAND
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORTS NOT PREPARED

Annual reports for 2004 and 2005 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 . . ."

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."

PRESCRIBED FORMS

The following prescribed or approved forms were not in use: Utility Cash Journal, Clerk-Treasurer's Monthly Financial, Depository Statement and Cash Reconciliation (City and Town Form 206), and Accounts Payable Journal (City and Town Form 210). The Ledger of Receipts, Disbursements and Balances (City and Town Form 208) and Ledger of Appropriations, Encumbrances, Disbursements and Balances (City and Town Form 209), were partially maintained through August of 2005. There were no entries made after August of 2005.

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)

CONDITION OF RECORDS - INCOMPLETE RECORDS

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

The funds ledger and appropriation ledger were incomplete. No transactions were posted after August of 2005. Of the transactions that were posted, there were a considerable number of post-ing errors. These errors included deposits not receipted, checks and receipts not recorded in the proper amounts, interest not posted, and other transactions that should have been recorded, were not posted.

No claims or invoices were presented for examination to document that disbursements were allowable.

The cash journal for the Wastewater Utility was not presented for examination because it was not maintained as required.

Reconcilements of fund balances to reconciled bank balances were not presented for exam-ination because they were not performed.

TOWN OF MOORELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

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."

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)

CONDITION OF RECORDS - WASTEWATER UTILITY

Financial records presented for examination were incomplete and not reflective of the activity of the funds of the Wastewater Utility. The records presented did not provide sufficient information to examine or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions. No Cash Journal was presented for examination. Some bank statements for the year 2005 were not presented for examination.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

CLAIMS NOT PREPARED FOR DISBURSEMENTS TO VENDORS

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

- (1) Claims were not prepared for disbursements.
- (2) Claims were not certified by the Clerk-Treasurer before payment.

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;

TOWN OF MOORELAND
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."

APPROPRIATIONS

Records presented for examination were incomplete. We were unable to determine if expenditures exceeded budgeted appropriations.

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."

FUND SOURCES AND USES

A grant receipt was incorrectly receipted to the wrong fund, and the grant expenditures were not posted. This resulted in inadequate documentation of the financial activity of the grant funds.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DEPOSITS

In numerous instances, receipts were deposited later than the next business day. In some instances, more than one month passed before receipts were deposited.

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."

RECEIPT ISSUANCE

Official receipts were not issued or recorded. 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)

TOWN OF MOORELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONSUMERS' LEDGER ERRORS

The Consumers' Ledger, used to account for charges to and payments from Wastewater Utility customers, contained several errors. Errors included payments from customers improperly posted, payments posted at incorrect dates, and penalties not charged as required.

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)

LIST OF EMPLOYEES (FORM 100-R) NOT FILED WITH BOARD OF ACCOUNTS

Form 100-R was not filed with the State Board of Accounts as required for 2004 and 2005.

Indiana Code 5-11-13-1 requires Form 100-R, Names, Addresses, Duties, and Compensation of Public Employees to be filed with the State Board of Accounts each year.

TOWN OF MOORELAND
EXIT CONFERENCE

The contents of this report were discussed on November 2, 2006, with Mysia L. Brown, Clerk-Treasurer.