

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

TOWN OF MOORELAND

HENRY COUNTY, INDIANA

January 1, 2013 to December 31, 2017



FILED
01/26/2019

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Review Report.....	3-4
Financial Statements and Accompanying Notes:	
Statements of Receipts, Disbursements, and Cash and Investment	
Balances - Regulatory Basis	7-9
Notes to Financial Statements.....	10-13
Review Result and Comment:	
Advance Payments.....	14
Exit Conference.....	15

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Geordie May	01-01-13 to 12-31-19
President of the Town Council	Richard Williams	01-01-13 to 12-31-19
Superintendent of Wastewater Utility	Kathy Sherwood	01-01-13 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of the Town of Mooreland (Town), for the period of January 1, 2013 to December 31, 2017. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Town's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory 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. This includes determining that the basis of accounting the Town uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statement on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.


INDEPENDENT ACCOUNTANT'S REVIEW REPORT
(Continued)

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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. Our conclusion is not modified with respect to this matter.


Paul D. Joyce, CPA
State Examiner

December 12, 2018

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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

(This page intentionally left blank.)

TOWN OF MOORELAND
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments		Cash and Investments		Cash and Investments		
	01-01-13	Receipts	Disbursements	12-31-13	Receipts	Disbursements	12-31-14
General All Funds	\$ 18,898	\$ 43,626	\$ 39,138	\$ 23,386	\$ 44,662	\$ 42,896	\$ 25,152
Local Road and Streets	3,891	1,935	483	5,343	1,953	483	6,813
Operation Pullover	750	1,834	2,584	-	-	-	-
Law Enforcement Education	2,095	74	1,877	292	109	211	190
Park	1,791	-	-	1,791	-	-	1,791
Rainy Day Fund	1,164	2,000	-	3,164	2,000	1,300	3,864
Levy Excess	74	-	-	74	-	-	74
CCI	4,279	1,257	-	5,536	992	1,300	5,228
CCD	3,721	759	92	4,388	750	-	5,138
Police Donation	-	850	-	850	650	695	805
Riverboat	4,185	2,221	2,091	4,315	2,221	1,482	5,054
Trash Collection	16,539	21,135	22,350	15,324	26,002	27,638	13,688
Motor Vehicle Highway	9,009	14,967	10,547	13,429	17,673	10,423	20,679
Sewage Utility Operating	29,516	83,052	96,316	16,252	103,409	101,969	17,692
Sewage Utility Depreciation/Improvement	1,034	280	-	1,314	-	-	1,314
Sewage Utility Bond & Interest	15,294	12,607	12,044	15,857	12,607	11,508	16,956
Sewage Utility Construction	71,217	2,461	-	73,678	10,113	20,000	63,791
Totals	<u>\$ 183,457</u>	<u>\$ 189,058</u>	<u>\$ 187,522</u>	<u>\$ 184,993</u>	<u>\$ 223,141</u>	<u>\$ 219,905</u>	<u>\$ 188,229</u>

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

TOWN OF MOORELAND
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended December 31, 2015 and 2016

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15	Receipts	Disbursements	Cash and Investments 12-31-16
General All Funds	\$ 25,152	\$ 47,270	\$ 39,997	\$ 32,425	\$ 50,455	\$ 44,934	\$ 37,946
Local Road and Streets	6,813	2,016	800	8,029	2,021	2,000	8,050
Law Enforcement Education	190	32	40	182	9	130	61
Park	1,791	-	-	1,791	-	305	1,486
Rainy Day Fund	3,864	3,000	-	6,864	4,800	2,000	9,664
LOIT	-	-	-	-	3,448	1,249	2,199
Levy Excess	74	-	-	74	-	-	74
CCI	5,228	942	-	6,170	956	4,000	3,126
CCD	5,138	791	-	5,929	765	2,000	4,694
Grant/Donation Fund	-	-	-	-	16,030	-	16,030
Police Donation	805	634	1,046	393	7,091	7,000	484
Light Fund	-	394	394	-	-	-	-
Riverboat	5,054	2,221	-	7,275	2,221	-	9,496
LOIT-PS	-	-	-	-	721	-	721
Trash Collection	13,688	28,597	25,607	16,678	27,542	27,550	16,670
Motor Vehicle Highway	20,679	17,386	8,728	29,337	17,718	12,768	34,287
Sewage Utility Operating	17,692	111,338	103,145	25,885	100,452	91,934	34,403
Sewage Utility Depreciation/Improvement	1,314	2,500	-	3,814	8,103	-	11,917
Sewage Utility Bond & Interest	16,956	6,204	20,000	3,160	2,001	-	5,161
Sewage Utility Construction	63,791	2,538	-	66,329	12,534	-	78,863
Totals	<u>\$ 188,229</u>	<u>\$ 225,863</u>	<u>\$ 199,757</u>	<u>\$ 214,335</u>	<u>\$ 256,867</u>	<u>\$ 195,870</u>	<u>\$ 275,332</u>

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

TOWN OF MOORELAND
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
General All Funds	\$ 37,946	\$ 54,060	\$ 51,647	\$ 40,359
Local Road and Streets	8,050	2,565	2,300	8,315
Law Enforcement Education Park	61 1,486	100 -	- -	161 1,486
Rainy Day Fund	9,664	4,000	500	13,164
LOIT	2,199	4,329	3,142	3,386
Levy Excess	74	-	-	74
CCI	3,126	1,662	-	4,788
CCD	4,694	777	-	5,471
Grant/Donation Fund	16,030	-	16,030	-
Police Donation	484	341	675	150
Riverboat	9,496	2,221	-	11,717
LOIT-PS	721	-	721	-
Trash Collection	16,670	31,243	21,418	26,495
Motor Vehicle Highway	34,287	21,557	10,656	45,188
Sewage Utility Operating	34,403	96,092	110,387	20,108
Sewage Utility Depreciation/Improvement	11,917	6,003	-	17,920
Sewage Utility Bond & Interest	5,161	1	-	5,162
Sewage Utility Construction	78,863	28,029	-	106,892
Totals	<u>\$ 275,332</u>	<u>\$ 252,980</u>	<u>\$ 217,476</u>	<u>\$ 310,836</u>

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

TOWN OF MOORELAND
NOTES TO FINANCIAL STATEMENTS

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), highways and streets, health and social services, culture and recreation, public improvements, general administrative services, wastewater, and trash.

The accompanying financial statements present the financial information for the Town.

B. Basis of Accounting

The financial statements are 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 statements. The aggregate receipts include the following sources:

Taxes. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits. Amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction, or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF MOORELAND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits. Amounts received 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 and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees. Amounts received from charges for current services.

Other receipts. Amounts received from various sources, including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for 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.

TOWN OF MOORELAND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Town may, from time to time, make transfers 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.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

TOWN OF MOORELAND
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, the following: 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 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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Restatements

For the year ended December 31, 2013, certain changes have been made to some of the beginning balances of the financial statements to more appropriately reflect financial activity of the Town. The following schedule presents a summary of restated beginning balances:

Fund	Balances as of December 31, 2012	Prior Period Adjustment	Balance as of January 1, 2013
Local Road and Streets	\$ 2,891	\$ 1,000	\$ 3,891
Park	791	1,000	1,791
Motor Vehicle Highway	7,503	1,506	9,009
Sewage Utility Operating	30,367	(851)	29,516
Serwage Utility Bond and Interest	14,244	1,050	15,294

TOWN OF MOORELAND
REVIEW RESULT AND COMMENT

ADVANCE PAYMENTS

The same comment also appeared in prior Report B43031.

The Town pays payroll on a monthly basis. For all sixty months of the review period, payroll was paid prior to the close of the payroll period. Payroll was paid between five and twelve days prior to the end of the month.

Compensation and any other payments for goods and services must not be paid in advance of receipt of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN OF MOORELAND
EXIT CONFERENCE

The contents of this report were discussed on December 12, 2018, with Geordie May, Clerk-Treasurer, and James Beihl, Town Council member.