

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

EXAMINATION REPORT
OF
TOWN OF MOORESVILLE
MORGAN COUNTY, INDIANA
January 1, 2007 to December 31, 2007



FILED
12/02/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedule of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5-7
Supplementary Information:	
Schedule of Capital Assets.....	8
Schedule of Long-Term Debt	9
Examination Results and Comments:	
Reconciliation of Town Court Trust Register	10
Clerk's Trust Items Over Five Years Old	10
Contracts	10
Exit Conference.....	11
Official Response	12

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sandra Perry	01-01-07 to 12-31-11
President of the Town Council	Tom Warthen Mark Harris	01-01-07 to 12-31-07 01-01-08 to 12-31-08
Judge	Susan Leib	01-01-04 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF the TOWN OF MOORESVILLE, MORGAN COUNTY, INDIANA

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

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the year ended December 31, 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 26, 2008

TOWN OF MOORESVILLE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, INTERNAL SERVICE, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2007

	Cash and Investments			Cash and Investments
	01-01-07	Receipts	Disbursements	
Governmental Funds:				
General	\$ 1,180,555	\$ 4,118,675	\$ 4,133,236	\$ 1,165,994
Motor Vehicle Highway	461,374	541,062	729,546	272,890
Local Road and Street	601,344	90,335	286,470	405,209
Park and Recreation	82,797	807,307	797,305	92,799
Rainy Day	-	121,298	-	121,298
Redevelopment Allocation TIF 1	1,443,803	839,366	365,589	1,917,580
Food and Beverage	1,035,987	354,552	259,473	1,131,066
Cemetery	4,086	17,015	11,578	9,523
Law Enforcement Continuing Education	47,702	9,404	2,104	55,002
Economic Development Income Tax	329,629	352,482	337,056	345,055
Non-Reverting Building	69,585	60,458	34,049	95,994
Bids, Specs and Plans	880	-	-	880
Donation - Fire	3,972	1,100	552	4,520
Park Non-Reverting Operating	159,396	52,172	57,598	153,970
Park Donation	20,130	5,917	-	26,047
Mooresville Court Fax	1,184	212	1,396	-
Christmas Decoration	61	-	-	61
GPD Drug Fund	6,883	13,314	6,099	14,098
Build Indiana Funds	36,203	-	-	36,203
Criminal Justice Reimbursement	2,925	-	-	2,925
Website Donation	1,366	-	-	1,366
Police Special Donation	13,070	290	484	12,876
Technology Grant	757	-	-	757
Police Grant - Cops Fast	9,281	-	-	9,281
Town Improvement Donation	12,090	-	-	12,090
Unsafe Building	13,500	3,500	-	17,000
Non-Reverting Stormwater	7,142	3,150	988	9,304
Redevelopment Investment Interest	141,383	65,130	-	206,513
Redevelopment District TIF Area 2	250,367	726,560	5,464	971,463
Redevelopment 1997 Bond Reserve	25,197	-	-	25,197
Tax Increment Financing 2 Expanded	36,595	24,546	-	61,141
Cumulative Capital Improvement	151,187	32,570	163,031	20,726
Park Non-Reverting Capital	587,616	128,866	-	716,482
Cumulative Capital Development	264,906	140,030	226,325	178,611
Economic Development Use	16,713	-	-	16,713
Petty Cash	400	-	-	400
Park Petty Cash	300	-	-	300
Riverboat	183,936	58,473	100,000	142,409
Methodist Church Improvement Donation	43,614	-	15,236	28,378
Burglar Alarm Permits	-	1,775	-	1,775
Internal Service Fund:				
Health Self Insurance	302,622	831,785	862,096	272,311
Proprietary Funds:				
Wastewater Utility - Operating	1,088,850	1,337,446	1,272,670	1,153,626
Wastewater Utility - Bond and Interest	39,675	-	-	39,675
Wastewater Utility - Improvement	476,017	613,850	27,530	1,062,337
Wastewater Utility - Development Availability	54,458	10,838	65,000	296
Wastewater Utility - Availability	247,670	3,613	-	251,283
Stormwater	-	23,833	-	23,833
Fiduciary Funds:				
County Court Fund	-	35,466	35,466	-
Town Court	59,250	500,334	498,381	61,203
Law Enforcement Continuing Education	28,933	68,363	72,222	25,074
Payroll	20,584	3,391,010	3,390,796	20,798
Cemetery Permanent Maintenance	175	375	-	550
Court Fines in Trust	5,300	-	-	5,300
General Levy Excess	5,318	-	5,318	-
Park Levy Excess	9,158	976	9,158	976
Totals	<u>\$ 9,585,926</u>	<u>\$ 15,387,448</u>	<u>\$ 13,772,216</u>	<u>\$ 11,201,158</u>

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

TOWN OF MOORESVILLE
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, health and social services, culture and recreation, wastewater collection and treatment and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

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

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

TOWN OF MOORESVILLE
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 PERF 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

B. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The Town contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

TOWN OF MOORESVILLE
NOTES TO FINANCIAL INFORMATION
(Continued)

PERF 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:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the Town is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the Town are established by the Board of Trustees of PERF. The Town's contributions to the plan for the years ending December 31, 2007, 2006, and 2005, were \$264,859, \$260,236, and \$249,618, respectively, equal to the required contributions for each year.

Note 7. Subsequent Event

The Town Council awarded bids for the construction of a new fire station on August 3, 2008, in the amount of \$1,301,159.

TOWN OF MOORESVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 437,960
Infrastructure	13,865,332
Buildings	4,088,554
Improvements other than buildings	99,640
Machinery and equipment	<u>6,087,938</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u>24,579,424</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 65,119
Construction in progress	7,000
Buildings	415,041
Improvements other than buildings	16,003,372
Machinery and equipment	<u>1,698,238</u>
 Total Wastewater Utility capital assets	 \$ <u>18,188,770</u>

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

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
2007 Crown Victoria lease	\$ 90,208	\$ 45,104
2007 Pierce contender pumper lease	<u>329,018</u>	<u>55,722</u>
Total governmental activities debt	<u>\$ 419,227</u>	<u>\$ 100,826</u>

TOWN OF MOORESVILLE
EXAMINATION RESULTS AND COMMENTS

RECONCILIATION OF TOWN COURT TRUST REGISTER (Applies to Town Court)

Posting errors were not discovered in a timely manner because reconcilements were not made between the Town Court Register of Trust subsidiary ledgers and the control account.

At all times, the manual and 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 City and Town Courts, Chapter 4)

CLERK'S TRUST ITEMS OVER FIVE YEARS OLD (Applies to Town Court)

Our review of trust items revealed that many items had been on hand for a period of five years or longer.

Indiana Code 32-34-1-20 (c) states in part: "Property that is held, issued, or owed in the ordinary course of a holder's business is presumed abandoned if the owner or apparent owner has not communicated in writing with the holder concerning the property or has not otherwise given an indication of interest in the property during the following times: . . . (6) For property or proceeds held by a court or a court clerk, five (5) years after the property or proceeds become distributable. The property or proceeds must be treated as unclaimed property under 32-34-3."

CONTRACTS (Applies to Cemetery)

Payments totaling \$11,578.02 were made to the grave digger in 2007 without a written contract. There has not been a written contract on file since 2003.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF MOORESVILLE
EXIT CONFERENCE

The contents of this report were discussed on September 9, 2008, with Sandra Perry, Clerk-Treasurer; and Mark Harris, President of the Town Council.

The contents of this report were discussed on September 2, 2008, with Susan Leib, Judge; and Carol Pikosz, Court Clerk. The official response has been made a part of this report and may be found on page 12.

In response to the State Board of Accounts' Examination Results and Comments in September 2008 regarding the Town Court of Mooresville, I request that the following be noted after the comments:

The bond problem was inherited from the former Judge, and at no time in the past six years was this addressed by the Board of Accounts. The Town Court of Mooresville will, of course, exercise all due diligence to comply with the requirements regarding bonds.


Susan J. Leib, Judge