

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, 2009 to December 31, 2009



FILED
01/04/2011

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 | 5-6 |
| Supplementary Information: | |
| Schedule of Long-Term Debt | 7 |
| Examination Results and Comments: | |
| List of Employees Not Filed With County Treasurer | 8 |
| Overdrawn Fund Balances | 8 |
| Reconciliation of Town Court Trust Register | 8 |
| Internal Controls | 8 |
| Deposits | 8 |
| Exit Conference..... | 9 |

OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-------------------------------|-----------------------------|--|
| Clerk-Treasurer | Sandra Perry | 01-01-09 to 12-31-10 |
| President of the Town Council | Mark Harris Ryan Goodwin | 01-01-09 to 12-31-09 01-01-10 to 12-31-10 |
| Judge | Susan Leib | 01-01-09 to 12-31-10 |



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, 2009 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.

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, 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. The Schedule has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

October 6, 2010

TOWN OF MOORESVILLE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2009

| | Cash and Investments 01-01-09 | Receipts | Disbursements | Cash and Investments 12-31-09 |
|---|-------------------------------------|----------------------|----------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ 1,075,167 | \$ 3,859,248 | \$ 4,336,375 | \$ 598,040 |
| Motor Vehicle Highway | 118,320 | 1,187,118 | 1,068,122 | 237,316 |
| Local Road and Street | 331,616 | 82,887 | 57,813 | 356,690 |
| Park and Recreation | 102,744 | 948,187 | 935,729 | 115,202 |
| Law Enforcement Continuing Education | 60,627 | 10,042 | 26,607 | 44,062 |
| Riverboat | 190,579 | 58,031 | 38,944 | 209,666 |
| Rainy Day | 324,716 | 213,080 | 20,987 | 516,809 |
| Redevelopment Allocation TIF 1 | 1,687,534 | 1,387,351 | 137,318 | 2,937,567 |
| Food and Beverage | 1,335,557 | 322,406 | 18,192 | 1,639,771 |
| Cemetery | 6,179 | 9,230 | 9,032 | 6,377 |
| Economic Development Income Tax | 372,990 | 484,056 | 421,197 | 435,849 |
| Non-Reverting Building | 114,174 | 29,969 | 19,159 | 124,984 |
| Bids, Specs and Plans | 880 | - | 880 | - |
| Donation - Fire | 6,100 | 100 | 1,403 | 4,797 |
| Park Non-Reverting Operating | 171,879 | 53,068 | 38,868 | 186,079 |
| Park Donation | 32,995 | 7,799 | 1,750 | 39,044 |
| Mooreville Court Fax | 65 | 40 | - | 105 |
| Christmas Decoration | 61 | - | 61 | - |
| GPD Drug Fund | 26,857 | 18,993 | 17,311 | 28,539 |
| Build Indiana Funds | 36,203 | - | 36,203 | - |
| Criminal Justice Reimbursement | 2,925 | - | - | 2,925 |
| Website Donation | 1,366 | - | 1,366 | - |
| Police Special Donation | 16,238 | 200 | 744 | 15,694 |
| Technology Grant | 757 | - | 757 | - |
| Police Grant - COPS Fast | 9,281 | - | 9,281 | - |
| Town Improvement Donation | 12,090 | - | - | 12,090 |
| Unsafe Building | 20,500 | 3,500 | - | 24,000 |
| Non-Reverting Stormwater/Soil Erosion Fees | 12,504 | 6,073 | 3,119 | 15,458 |
| Redevelopment Investment Interest | 270,929 | 27,356 | - | 298,285 |
| Redevelopment District TIF Area 2 | 895,652 | 553,180 | 21,558 | 1,427,274 |
| Redevelopment 1997 Bond Reserve | 25,197 | - | - | 25,197 |
| Tax Increment Financing 2 Expanded | 91,723 | 35,515 | - | 127,238 |
| Park Non-Reverting Capital | 859,059 | 169,145 | - | 1,028,204 |
| Economic Development Use | 16,713 | - | 2,146 | 14,567 |
| Petty Cash/Cash Change | 400 | - | - | 400 |
| Park Petty Cash | 300 | - | - | 300 |
| Methodist Church Improvement Donation | 18,178 | - | 10,245 | 7,933 |
| Burglar Alarm Permits | 4,325 | 2,600 | - | 6,925 |
| Fire Station Construction | 952,566 | 46,668 | 999,234 | - |
| Public Safety Local Option Income Tax | 569,845 | 661,871 | 697,773 | 533,943 |
| Cumulative Capital Improvement | 27,983 | 28,434 | 30,877 | 25,540 |
| Cumulative Capital Development | 205,274 | 124,495 | 16,128 | 313,641 |
| Proprietary Funds: | | | | |
| Wastewater Utility - Operating | 1,089,033 | 1,596,081 | 1,496,369 | 1,188,745 |
| Wastewater Utility - Bond and Interest | 39,675 | - | 39,675 | - |
| Wastewater Utility - Development Availability | 5,721 | 5,775 | 8,670 | 2,826 |
| Wastewater Utility - Availability | 264,758 | 1,925 | - | 266,683 |
| Wastewater Utility - Improvement | 1,412,833 | 141,625 | 1,289,174 | 265,284 |
| Stormwater | 91,379 | 65,469 | 34,526 | 122,322 |
| Health Self Insurance | 242,098 | 1,107,760 | 1,015,190 | 334,668 |
| Fiduciary Funds: | | | | |
| County Court Fund | - | 58,022 | 58,022 | - |
| Town Court | 75,794 | 741,854 | 752,081 | 65,567 |
| Police Continuing Education | 26,147 | 124,460 | 122,848 | 27,759 |
| Cemetery Permanent Maintenance | 675 | - | - | 675 |
| Court Fines in Trust | 5,300 | - | - | 5,300 |
| Park Levy Excess | 976 | - | - | 976 |
| Payroll | 13,296 | 3,978,131 | 3,996,211 | (4,784) |
| Totals | \$ 13,276,733 | \$ 18,151,744 | \$ 17,791,945 | \$ 13,636,532 |

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, 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 Plan

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.

Note 7. Subsequent Event

During 2010, the Town started work on the remaining portion of the Wastewater Treatment Plant expansion. The project was awarded to Wilhelm Construction in the amount of \$12,047,000. The project is funded by a State Revolving Fund loan in the amount of \$8,990,000 as well as by TIF money.

TOWN OF MOORESVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

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: | | |
| 2009 Crown Victoria Lease | \$ 43,626 | \$ - |
| 2007 Pierce contender pumper lease | 245,680 | 55,722 |
| 2008 Fire pickup lease | 27,541 | 15,222 |
| 2009 Fire turnout gear | 26,119 | 9,633 |
| | <u>342,966</u> | <u>80,577</u> |
| Total governmental activities debt | <u>\$ 342,966</u> | <u>\$ 80,577</u> |

TOWN OF MOORESVILLE
EXAMINATION RESULTS AND COMMENTS

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

A list of employees was not certified to the County Treasurer.

IC 6-1.1-22-14(a) states in part: "on or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

OVERDRAWN FUND BALANCES

The 1977 Police Pension Payroll Fund was overdrawn in 2009.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

RECONCILIATION OF TOWN COURT TRUST REGISTER (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. A similar comment appeared in prior examination reports.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledgers, 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)

INTERNAL CONTROLS (Police Department)

Controls for receipts generated by the Police Department are insufficient. During the audit period not all deposits agreed with the receipts for this department. In all cases the deposits were more than the receipts. These should agree. Also, it was difficult to determine which receipts went with each deposit.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DEPOSITS (Police Department)

In numerous instances, receipts for the police department were deposited later than the next business day.

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."

TOWN OF MOORESVILLE
EXIT CONFERENCE

The contents of this report were discussed on October 6, 2010, with Sandra Perry, Clerk-Treasurer. The official concurred with our findings.