

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

ANNUAL FINANCIAL REPORT

2010

TOWN OF MOORESVILLE

MORGAN COUNTY, INDIANA



FILED
08/08/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sandra Perry	01-01-10 to 12-31-11
President of the Town Council	Ryan Goodwin George Watkins	01-01-10 to 12-31-10 01-01-11 to 12-31-11
Judge	Susan Leib	01-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statement of the Town of Mooresville (Town), for the year ended December 31, 2010. This financial statement is the responsibility of the Town's management. Our responsibility is to express opinions on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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 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 basis of accounting noted above is a different basis than that used in the prior year.

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, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 9, 2011, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 9, 2011



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AN EQUAL OPPORTUNITY EMPLOYER

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302 WEST WASHINGTON STREET
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statement of the Town of Mooresville (Town), for the year ended December 31, 2010, and have issued our report thereon dated June 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider a deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1 to be a material weakness.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Town's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, Town Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 9, 2011

FINANCIAL STATEMENT(S)

TOWN OF MOORESVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 598,040	\$ 4,191,835	\$ 3,809,167	\$ 980,708
Petty Cash	400	-	-	400
Park Petty Cash	300	-	-	300
Motor Vehicle Highway	237,315	933,729	805,796	365,248
Local Road & Street	356,690	85,230	46,272	395,648
Park & Recreation	115,202	904,854	939,536	80,520
Cemetery	6,377	14,730	15,233	5,874
Food And Beverage	1,639,771	836,959	617,117	1,859,613
Burglar Alarm Permits	6,925	2,775	9,047	653
Park Nonrevert Operatin	186,079	57,109	45,023	198,165
Methodist Church Donation	7,933	567	8,500	-
Economic Development Use Donation	14,566	-	816	13,750
Court Fines In Trust	5,300	-	-	5,300
Local Law Enforcement Cont Education	44,061	10,219	1,914	52,366
County Court	-	59,168	59,168	-
Town Court	65,566	740,551	772,065	34,052
Unsafe Building	24,000	3,500	-	27,500
Riverboat	209,666	58,030	84,688	183,008
Fire Donation	4,797	-	-	4,797
Park Donations	39,044	7,824	400	46,468
Criminal Justice Reimbrsm	2,924	-	-	2,924
Rainy Day	516,809	551,392	83,473	984,728
Park Excess Levy	976	-	-	976
Police Con'T Ed	27,760	137,783	136,185	29,358
Redevelopment Tif 1	2,937,567	1,151,558	848,903	3,240,222
Tif 2 Expanded	127,237	37,606	-	164,843
Redevelopment Tif 2	1,427,275	589,544	521,966	1,494,853
Msvl Court Fax	105	1	-	106
Police Donation	15,694	-	346	15,348
Public Safety Loit	533,943	570,973	785,723	319,193
Non-Reverting Building	124,984	39,426	22,117	142,293
Non-Rev Sw/Soil Erosion	15,458	6,857	2,977	19,338
Police Drug	28,539	18,083	8,285	38,337
Cumulative Capital Improvement	25,540	27,151	20,597	32,094
Cumulative Capital Development	313,641	125,089	88,496	350,234
Park Non-Rev Capital	1,028,204	193,930	151,800	1,070,334
Redevelopment Interest	298,285	18,579	-	316,864
Economic Development Income Tax	435,849	395,155	345,651	485,353
Town Improvement Donation	12,090	-	-	12,090
1997 Bond Reserve	25,197	-	25,197	-
Cemetery Perm Mtc	675	50	-	725
Levy Excess Fund	-	9,240	-	9,240
Pr Net Payroll	-	2,671,659	2,671,659	-
Pr Misc Charges	107	356	-	463
Pr Federal W/H	-	331,138	331,138	-
Pr Fica W/H	-	391,853	391,853	-
Pr State/Cty W/H	-	217,738	217,738	-
Pr Core Source	-	32,685	32,685	-
Health Self Insurance	334,669	990,424	1,139,752	185,341
Pr Interest Earned	203	45	-	248
Pr 77 Pension Plan	(6,855)	76,570	57,219	12,496
Pr Perf Voluntary Ded	1,760	6,296	6,572	1,484
Pr-Giffcu	-	89,281	89,281	-
Pr-Indiana Paging Employ	-	246	246	-
Pr Pepsco	-	57,878	57,878	-
Pr-Pfs Shareholders	-	6,107	6,107	-
Pr American Heritage Ins	-	1,483	1,483	-
Pr Aflac	-	14,396	14,396	-
Pr Colonial Life	-	2,824	2,824	-
Pr M & I Bank-Moore	-	2,150	2,150	-
Pr Town Of Mrsvl Wwtp	-	910	910	-
Pr Child Support	-	13,901	13,901	-
Pr Worksite Solutions	-	2,586	2,586	-
Pr Pre-Paid Legal	-	2,722	2,722	-
Michigan Child Support	-	10,473	10,473	-
Wastewater Federal Grant	-	253,824	253,824	-
Stormwater User Fees	122,322	86,324	13,549	195,097
Wastewater Operating	1,188,745	1,784,369	1,736,936	1,236,178
Wastewater B & I	-	152,615	152,615	-
Wastewater Plant Impr	265,284	553,215	234,994	583,505
Wastewater Devel Avail	2,826	6,600	8,500	926
Wastewtr Sewer Availblty	266,683	2,200	4,305	264,578
Srf Mooresville B&I Fund	-	102,828	-	102,828
Srf Mooresville Dsr Fund	-	49,792	-	49,792
Srf Mooresville Consturction Fd#1	-	1,250,110	-	1,250,110
Srf Wastewater Mooresville	-	1,398,759	1,398,759	-
Totals	\$ 13,636,528	\$ 22,343,854	\$ 19,113,513	\$ 16,866,869

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

TOWN OF MOORESVILLE
NOTES TO FINANCIAL STATEMENT(S)

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, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement(s) present(s) the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the 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 statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers 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 which include 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: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF MOORESVILLE
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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: planning commission charges, building department charges, copies of public records, copy machine 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 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 and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are 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 may include, but are not limited to, 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.

TOWN OF MOORESVILLE
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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, 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, 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.

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.

TOWN OF MOORESVILLE
NOTES TO FINANCIAL STATEMENT(S)
(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, 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. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan(s)

A. 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 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 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.

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:

TOWN OF MOORESVILLE
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is 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 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

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

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

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town of Mooresville's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

TOWN OF MOORESVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General Fund	Petty Cash	Park Petty Cash	Motor Vehicle Highway	Local Road & Street	Park & Recreation	Cemetery
Cash and investments - beginning	\$ 598,040	\$ 400	\$ 300	\$ 237,315	\$ 356,690	\$ 115,202	\$ 6,377
Receipts:							
Taxes	1,710,077	-	-	525,317	-	609,661	-
Licenses and permits	342,940	-	-	-	-	-	-
Intergovernmental	1,718,405	-	-	365,803	85,230	32,436	-
Charges for services	81,003	-	-	-	-	249,345	14,730
Fines and forfeits	167,824	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	171,586	-	-	42,609	-	13,412	-
Total receipts	<u>4,191,835</u>	<u>-</u>	<u>-</u>	<u>933,729</u>	<u>85,230</u>	<u>904,854</u>	<u>14,730</u>
Disbursements:							
Personal services	2,640,142	-	-	462,542	-	456,142	13,340
Supplies	76,031	-	-	103,611	-	91,532	1,356
Other services and charges	999,525	-	-	239,369	-	227,175	537
Capital outlay	93,469	-	-	274	46,272	164,687	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>3,809,167</u>	<u>-</u>	<u>-</u>	<u>805,796</u>	<u>46,272</u>	<u>939,536</u>	<u>15,233</u>
Excess (deficiency) of receipts over disbursements	<u>382,668</u>	<u>-</u>	<u>-</u>	<u>127,933</u>	<u>38,958</u>	<u>(34,682)</u>	<u>(503)</u>
Cash and investments - ending	<u>\$ 980,708</u>	<u>\$ 400</u>	<u>\$ 300</u>	<u>\$ 365,248</u>	<u>\$ 395,648</u>	<u>\$ 80,520</u>	<u>\$ 5,874</u>

TOWN OF MOORESVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Food And Beverage	Burglar Alarm Permits	Park Nonrevert Operatin	Methodist Church Donation	Development Use Donation	Court Fines In Trust	Local Law Enforcement Cont Education
Cash and investments - beginning	\$ 1,639,771	\$ 6,925	\$ 186,079	\$ 7,933	\$ 14,566	\$ 5,300	\$ 44,061
Receipts:							
Taxes	836,959	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	2,775	57,109	-	-	-	10,219
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	567	-	-	-
Total receipts	<u>836,959</u>	<u>2,775</u>	<u>57,109</u>	<u>567</u>	<u>-</u>	<u>-</u>	<u>10,219</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	617,117	9,047	45,023	8,500	816	-	1,914
Total disbursements	<u>617,117</u>	<u>9,047</u>	<u>45,023</u>	<u>8,500</u>	<u>816</u>	<u>-</u>	<u>1,914</u>
Excess (deficiency) of receipts over disbursements	<u>219,842</u>	<u>(6,272)</u>	<u>12,086</u>	<u>(7,933)</u>	<u>(816)</u>	<u>-</u>	<u>8,305</u>
Cash and investments - ending	<u>\$ 1,859,613</u>	<u>\$ 653</u>	<u>\$ 198,165</u>	<u>\$ -</u>	<u>\$ 13,750</u>	<u>\$ 5,300</u>	<u>\$ 52,366</u>

TOWN OF MOORESVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	County Court	Town Court	Unsafe Building	Riverboat	Fire Donation	Park Donations	Criminal Justice Reimbrsm
Cash and investments - beginning	\$ -	\$ 65,566	\$ 24,000	\$ 209,666	\$ 4,797	\$ 39,044	\$ 2,924
Receipts:							
Taxes	-		-	-	-	-	-
Licenses and permits	-		-	-	-	-	-
Intergovernmental	-		-	58,030	-	-	-
Charges for services	-		-	-	-	-	-
Fines and forfeits	59,168	740,551	-	-	-	-	-
Utility fees	-		-	-	-	-	-
Other receipts	-	-	3,500	-	-	7,824	-
Total receipts	<u>59,168</u>	<u>740,551</u>	<u>3,500</u>	<u>58,030</u>	<u>-</u>	<u>7,824</u>	<u>-</u>
Disbursements:							
Personal services	-		-	-	-	-	-
Supplies	-		-	-	-	-	-
Other services and charges	-		-	-	-	-	-
Capital outlay	-		-	84,688	-	-	-
Utility operating expenses	-		-	-	-	-	-
Other disbursements	59,168	772,065	-	-	-	400	-
Total disbursements	<u>59,168</u>	<u>772,065</u>	<u>-</u>	<u>84,688</u>	<u>-</u>	<u>400</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(31,514)</u>	<u>3,500</u>	<u>(26,658)</u>	<u>-</u>	<u>7,424</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 34,052</u>	<u>\$ 27,500</u>	<u>\$ 183,008</u>	<u>\$ 4,797</u>	<u>\$ 46,468</u>	<u>\$ 2,924</u>

TOWN OF MOORESVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Rainy Day	Park Excess Levy	Police Con'T Ed	Redevelopment Tif 1	Tif 2 Expanded	Redevelopment Tif 2	Msvl Court Fax
Cash and investments - beginning	\$ 516,809	\$ 976	\$ 27,760	\$ 2,937,567	\$ 127,237	\$ 1,427,275	\$ 105
Receipts:							
Taxes	-	-	-	1,151,558	37,606	589,544	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	15,470	-	-	-	1
Fines and forfeits	-	-	122,313	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	551,392	-	-	-	-	-	-
Total receipts	551,392	-	137,783	1,151,558	37,606	589,544	1
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	83,473	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	136,185	848,903	-	521,966	-
Total disbursements	83,473	-	136,185	848,903	-	521,966	-
Excess (deficiency) of receipts over disbursements	467,919	-	1,598	302,655	37,606	67,578	1
Cash and investments - ending	\$ 984,728	\$ 976	\$ 29,358	\$ 3,240,222	\$ 164,843	\$ 1,494,853	\$ 106

TOWN OF MOORESVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Police Donation	Public Safety Loit	Non-Reverting Building	Non-Rev Sw/Soil Erosion	Police Drug	Cumulative Capital Improvement	Cumulative Capital Development
Cash and investments - beginning	\$ 15,694	\$ 533,943	\$ 124,984	\$ 15,458	\$ 28,539	\$ 25,540	\$ 313,641
Receipts:							
Taxes	-	-	-	-	-	-	119,127
Licenses and permits	-	-	39,426	6,857	-	-	-
Intergovernmental	-	570,973	-	-	-	27,151	5,962
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	18,083	-	-
Total receipts	-	570,973	39,426	6,857	18,083	27,151	125,089
Disbursements:							
Personal services	-	-	20,007	-	-	-	-
Supplies	-	152,050	1,400	-	-	-	-
Other services and charges	-	277,994	710	-	-	-	-
Capital outlay	-	10,456	-	-	-	-	88,496
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	346	345,223	-	2,977	8,285	20,597	-
Total disbursements	346	785,723	22,117	2,977	8,285	20,597	88,496
Excess (deficiency) of receipts over disbursements	(346)	(214,750)	17,309	3,880	9,798	6,554	36,593
Cash and investments - ending	\$ 15,348	\$ 319,193	\$ 142,293	\$ 19,338	\$ 38,337	\$ 32,094	\$ 350,234

TOWN OF MOORESVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Park Non-Rev Capital	Redevelopment Interest	Economic Development Income Tax	Town Improvement Donation	1997 Bond Reserve	Cemetery Perm Mtc	Levy Excess Fund
Cash and investments - beginning	\$ 1,028,204	\$ 298,285	\$ 435,849	\$ 12,090	\$ 25,197	\$ 675	\$ -
Receipts:							
Taxes	-	-	395,155	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	50	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	193,930	18,579	-	-	-	-	9,240
Total receipts	<u>193,930</u>	<u>18,579</u>	<u>395,155</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>9,240</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	343,151	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	151,800	-	2,500	-	25,197	-	-
Total disbursements	<u>151,800</u>	<u>-</u>	<u>345,651</u>	<u>-</u>	<u>25,197</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>42,130</u>	<u>18,579</u>	<u>49,504</u>	<u>-</u>	<u>(25,197)</u>	<u>50</u>	<u>9,240</u>
Cash and investments - ending	<u>\$ 1,070,334</u>	<u>\$ 316,864</u>	<u>\$ 485,353</u>	<u>\$ 12,090</u>	<u>\$ -</u>	<u>\$ 725</u>	<u>\$ 9,240</u>

TOWN OF MOORESVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Pr Net Payroll	Pr Misc Charges	Pr Federal W/H	Pr Fica W/H	Pr State/Cty W/H	Pr Core Source	Health Self Insurance
Cash and investments - beginning	\$ -	\$ 107	\$ -	\$ -	\$ -	\$ -	\$ 334,669
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	2,671,659	356	331,138	391,853	217,738	32,685	990,424
Total receipts	<u>2,671,659</u>	<u>356</u>	<u>331,138</u>	<u>391,853</u>	<u>217,738</u>	<u>32,685</u>	<u>990,424</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,671,659	-	331,138	391,853	217,738	32,685	1,139,752
Total disbursements	<u>2,671,659</u>	<u>-</u>	<u>331,138</u>	<u>391,853</u>	<u>217,738</u>	<u>32,685</u>	<u>1,139,752</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(149,328)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 463</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,341</u>

TOWN OF MOORESVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Pr Interest Earned	Pr 77 Pension Plan	Pr Perf Voluntary Ded	Pr-Giffcu	Pr-Indiana Paging Employ	Pr Pebsco	Pr-Pfs Shareholders
Cash and investments - beginning	\$ 203	\$ (6,855)	\$ 1,760	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	45	76,570	6,296	89,281	246	57,878	6,107
Total receipts	45	76,570	6,296	89,281	246	57,878	6,107
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	57,219	6,572	89,281	246	57,878	6,107
Total disbursements	-	57,219	6,572	89,281	246	57,878	6,107
Excess (deficiency) of receipts over disbursements	45	19,351	(276)	-	-	-	-
Cash and investments - ending	\$ 248	\$ 12,496	\$ 1,484	\$ -	\$ -	\$ -	\$ -

TOWN OF MOORESVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Pr American Heritage Ins	Pr Aflac	Pr Colonial Life	Pr M& I Bank-Moore	Pr Town Of Mrsvl Wwtp	Pr Child Support	Pr Worksite Solutions
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,483	14,396	2,824	2,150	910	13,901	2,586
Total receipts	<u>1,483</u>	<u>14,396</u>	<u>2,824</u>	<u>2,150</u>	<u>910</u>	<u>13,901</u>	<u>2,586</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,483	14,396	2,824	2,150	910	13,901	2,586
Total disbursements	<u>1,483</u>	<u>14,396</u>	<u>2,824</u>	<u>2,150</u>	<u>910</u>	<u>13,901</u>	<u>2,586</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF MOORESVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Pr Pre-Paid Legal	Michigan Child Support	Wastewater Federal Grant	Stormwater User Fees	Wastewater Operating	Wastewater B & I	Wastewater Plant Impr
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 122,322	\$ 1,188,745	\$ -	\$ 265,284
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	86,324	1,717,144	-	19,800
Other receipts	2,722	10,473	253,824	-	67,225	152,615	533,415
Total receipts	2,722	10,473	253,824	86,324	1,784,369	152,615	553,215
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	253,824	1,796	43,521	-	234,994
Utility operating expenses	-	-	-	11,363	1,259,047	-	-
Other disbursements	2,722	10,473	-	390	434,368	152,615	-
Total disbursements	2,722	10,473	253,824	13,549	1,736,936	152,615	234,994
Excess (deficiency) of receipts over disbursements	-	-	-	72,775	47,433	-	318,221
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 195,097	\$ 1,236,178	\$ -	\$ 583,505

TOWN OF MOORESVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Wastewater Devel Avail	Wastewtr Sewer Availbty	SRF B&I	SRF DSR	SRF Construction FD#1	SRF WW	Totals
Cash and investments - beginning	\$ 2,826	\$ 266,683	\$ -	\$ -	\$ -	\$ -	\$ 13,636,528
Receipts:							
Taxes	-	-	-	-	-	-	5,975,004
Licenses and permits	-	-	-	-	-	-	389,223
Intergovernmental	-	-	-	-	-	-	2,863,990
Charges for services	-	-	-	-	-	-	430,702
Fines and forfeits	-	-	-	-	-	-	1,089,856
Utility fees	6,600	2,200	-	-	-	-	1,832,068
Other receipts	-	-	102,828	49,792	1,250,110	1,398,759	9,763,011
Total receipts	6,600	2,200	102,828	49,792	1,250,110	1,398,759	22,343,854
Disbursements:							
Personal services	-	-	-	-	-	-	3,592,173
Supplies	-	-	-	-	-	-	425,980
Other services and charges	-	-	-	-	-	-	2,088,461
Capital outlay	8,500	4,305	-	-	-	-	1,118,755
Utility operating expenses	-	-	-	-	-	-	1,270,410
Other disbursements	-	-	-	-	-	1,398,759	10,617,734
Total disbursements	8,500	4,305	-	-	-	1,398,759	19,113,513
Excess (deficiency) of receipts over disbursements	(1,900)	(2,105)	102,828	49,792	1,250,110	-	3,230,341
Cash and investments - ending	\$ 926	\$ 264,578	\$ 102,828	\$ 49,792	\$ 1,250,110	\$ -	\$ 16,866,869

TOWN OF MOORESVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 897,269
Infrastructure	318,644
Buildings	7,066,286
Improvements other than buildings	15,993,636
Machinery and equipment	8,276,306
Construction in progress	<u>169,572</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 32,721,713</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 65,119
Infrastructure	14,814,200
Buildings	5,204,832
Improvements other than buildings	1,007,648
Machinery and equipment	1,151,768
Construction in progress	<u>1,916,826</u>
 Total wastewater utility capital assets not being depreciated	 <u>\$ 24,160,393</u>

TOWN OF MOORESVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

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	\$ 28,768	\$ 30,523
2007 Pierce contender pumper lease	201,010	55,722
2008 Fire pickup lease	14,233	15,222
2009 Fire turnout gear	17,853	9,633
2009 Henderson Plow	<u>125,718</u>	<u>46,272</u>
 Total governmental activities debt	 <u>\$ 387,582</u>	 <u>\$ 157,372</u>
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
Sewage Works Revenue Bonds of 2010 *	<u>1,027,584</u>	<u>234,070</u>
 Total Wastewater Utility	 <u>1,027,584</u>	 <u>234,070</u>
 Total business-type activities debt	 <u>\$ 1,027,584</u>	 <u>\$ 234,070</u>

* The Town is participating in the State Revolving Loan program. The total amount of loan available to draw is \$8,990,000. As of December 31, 2010, the Town has drawndown \$1,027,584.

TOWN OF MOORESVILLE
AUDIT RESULT(S) AND COMMENT(S)

RECONCILIATION OF TOWN COURT TRUST REGISTER

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 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)

DEPOSITS – POLICE DEPARTMENT

In numerous instances, receipts for the Police Department were deposited later than the next business day.

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."

INTERNAL CONTROLS - POLICE DEPARTMENT

Controls over receipts generated by the Police Department are insufficient. Deposits tested during the audit could not always be traced to written receipts. There are no controls in place to verify deposits are supported by written receipts.

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)

CONDITION OF RECORDS

Wastewater State Revolving Fund transactions are not accounted for on the Town's ledger. Money is held in deposit accounts at the Bank of New York. No reconciliation was made to the depository balance. Since the transactions are not part of the Town's ledgers, they were not included in the Cities and Town's Annual Report that was filed with the Indiana State Board of Accounts on February 22, 2011. The Clerk-Treasurer approved the adjustment and the transactions have been included in the report presented herein, represented in the funds titled SRF Mooresville B&I Fund; SRF Mooresville DSR Fund, SRF Mooresville Construction Fd #1, and SRF Wastewater Mooresville.

TOWN OF MOORESVILLE
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

Indiana Code 5-13-6-1(e) states: "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."

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 . . ."

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted the following deficiency in the internal control system of the Town of Mooresville related to financial transactions and reporting. We believe this deficiency constitutes a material weakness:

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town of Mooresville to reduce risks to achievement of financial reporting objectives. The Town of Mooresville has not separated incompatible activities related to receipts and deposits. The failure to establish these controls could enable material misstatements or irregularities to undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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) (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Town of Mooresville (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2010. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 9, 2011

TOWN OF MOORESVILLE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass-Through Indiana Office of Community and Rural Affairs			
CDBG-State Administered Small Cities Program Cluster			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	None	\$ <u>253,824</u>
Fiscal Year 2010			
Total for federal grantor agency			<u>253,824</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Pass-Through Indiana Department of Environmental Management			
Capitalization Grants for Clean Water State Revolving Funds	66.458	None	<u>517,541</u>
SRF 2010			
Total for federal grantor agency			<u>517,541</u>
Total federal awards expended			<u>\$ 771,365</u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF MOORESVILLE
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Mooresville (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

TOWN OF MOORESVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement(s):

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
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TOWN OF MOORESVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

FINDING 2010-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted the following deficiency in the internal control system of the Town of Mooresville related to financial transactions and reporting. We believe this deficiency constitutes a material weakness:

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town of Mooresville to reduce risks to achievement of financial reporting objectives. The Town of Mooresville has not separated incompatible activities related to receipts and deposits. The failure to establish these controls could enable material misstatements or irregularities to undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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) (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF MOORESVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



TOWN of MOORESVILLE

4 East Harrison Street

Mooresville, Indiana 46158

Telephone (317) 831-1608

Fax (317) 831-9559

OFFICE OF
Sandra R. Perry
Clerk-Treasurer

June 23, 2011

CORRECTIVE ACTION PLAN

Finding 2010-1: Internal Control Reportable Condition-Cash Management

Contact Person: Sandra Perry

Title of Contact Person: Clerk-Treasurer

Contact Number: (317) 831-1608

Anticipated Completion Date: July 2011

CORRECTIVE ACTION PLAN

The Town of Mooresville will institute a series of internal controls to insure compliance with cash management regulations. The assignment of duties will be separated to include three or four people in the Clerk-Treasurer's office instead of one or two. One person will take in the cash, another will make up the deposit, and another will take money to the bank.

Sincerely yours,

Sandra R. Perry
Clerk-Treasurer

TOWN OF MOORESVILLE
EXIT CONFERENCE

The contents of this report were discussed on July 6, 2011, with Susan Leib, Judge; Sandra Perry, Clerk-Treasurer; and Debra Monts, Deputy Clerk-Treasurer.