

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF MOORESVILLE
MORGAN COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
08/21/2013

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards	6-7
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	10-11
Notes to Financial Statement	12-16
Supplementary Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	18-29
Schedule of Payables and Receivables	30
Schedule of Leases and Debt	31
Schedule of Capital Assets.....	32
Audit Result and Comment:	
Internal Controls Over Financial Transactions and Reporting	33
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance.....	36-37
Schedule of Expenditures of Federal Awards	40
Note to Schedule of Expenditures of Federal Awards.....	41
Schedule of Findings and Questioned Costs	42-45
Auditee Prepared Schedule:	
Corrective Action Plan.....	46-49
Exit Conference.....	50

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sandra Perry	01-01-12 to 12-31-15
President of the Town Council	George Watkins	01-01-12 to 12-31-13
Judge	Susan J. Leib	01-01-12 to 12-31-15



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Town of Mooresville (Town), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the Town prepares its financial statement on 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 basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the year ended December 31, 2012.

Opinion on Regulatory Basis of Accounting

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, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 27, 2013, 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* in considering the Town's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They 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.



Bruce Hartman
State Examiner

June 27, 2013



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 AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, 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, the financial statement of the Town of Mooresville (Town), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated June 27, 2013, wherein we noted the Town followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2012-1 and 2012-2 to be material weaknesses.

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1.

Town of Mooresville's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bruce Hartman
State Examiner

June 27, 2013

(This page intentionally left blank.)

FINANCIAL STATEMENT

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

TOWN OF MOORESVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
General Fund	\$ 907,236	\$ 4,359,594	\$ 4,183,992	\$ 1,082,838
MVH	366,457	821,638	915,223	272,872
LR&S	410,368	84,027	89,679	404,716
Park Nonrevert Operatin	218,156	129,225	66,617	280,764
HEALTH SELF INSURANCE	127,201	2,233,255	2,359,915	541
ECONOMIC DEVELOPMENT USE	13,750	-	-	13,750
NON-REVERTING BUILDING	161,645	46,683	15,155	193,173
LLEPCE	60,808	13,033	2,367	71,474
Unsafe Building	31,000	3,500	-	34,500
Riverboat	157,461	55,247	63,469	149,239
Park & Recreation	63,713	949,604	927,185	86,132
Rainy Day	667,084	-	-	667,084
EDIT	487,576	384,150	335,835	535,891
CCI	48,668	24,734	24,853	48,549
CCD	473,120	220,509	149,993	543,636
Park Non-Rev Capital	1,087,361	43,291	107,924	1,022,728
PUBLIC SAFETY LOIT	281,796	582,776	618,566	246,006
Court Fund	19,905	528,180	523,422	24,663
PARK DONATIONS	43,213	874	3,924	40,163
FOOD AND BEVERAGE	2,061,870	375,764	421,934	2,015,700
BURGLAR ALARM PERMITS	3,953	3,750	-	7,703
POLICE DRUG	36,297	9,655	17,482	28,470
OPERATION PULL OVER	-	3,400	3,400	-
POLICE DONATION	15,312	100	469	14,943
PETTY CASH	400	-	-	400
PARK PETTY CASH	300	-	-	300
COURT FINES IN TRUST	5,300	-	-	5,300
MSVL COURT FAX	123	15	-	138
COUNTY COURT	-	39,108	36,034	3,074
POLICE CON'T ED	29,534	82,262	76,298	35,498
CRIMINAL JUSTICE REIMBRSM	2,924	-	-	2,924
SRF BOND & INTEREST	630,363	595,680	502,497	723,546
SRF DEBT SVC RESERVE	169,288	119,496	-	288,784
SRF CONSTRUCTION FND 1	1,250,115	1	-	1,250,116
SRF WW	-	1,747,497	1,747,497	-
REDEVELOPMENT TIF 1	4,209,408	1,270,550	2,114,519	3,365,439
REDEVELOPMENT INTEREST	325,593	4,256	-	329,849
TIF 2 EXPANDED	201,884	40,279	-	242,163
REDEVELOPMENT TIF 2	1,852,111	560,078	219,432	2,192,757
TIF RENTAL OF PROPERTY	-	94,493	94,493	-
FIRE DONATION	5,039	516	3,870	1,685

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

TOWN OF MOORESVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
NON-REV CPR DONATION FUND	1,832	468	1,126	1,174
TOWN IMPROVEMENT DONATION	12,090	-	-	12,090
KENDRICK FINANCIAL GRANT	13	-	-	13
NON-REV SW/SOIL EROSION	24,304	2,370	1,702	24,972
CEMETERY	6,889	15,830	10,805	11,914
CEMETERY PERM MTC	750	476	-	1,226
PR NET PAYROLL	-	2,588,076	2,588,076	-
PR FEDERAL W/H	-	374,195	374,195	-
PR FICA W/H	-	333,095	333,095	-
PR STATE/CTY W/H	-	215,400	215,400	-
PR PERF VOLUNTARY DED	690	3,009	3,699	-
PR 77 PENSION PLAN	12,355	81,908	94,263	-
PR-GIFFCU	-	80,750	80,750	-
PR-INDIANA PAGING EMPLOY	-	252	252	-
PR PEBSCO	-	55,447	55,447	-
PR CORE SOURCE	-	33,107	33,107	-
PR-PFS SHAREHOLDERS	-	3,900	3,900	-
PR AMERICAN HERITAGE INS	-	1,481	1,481	-
PR AFLAC	-	10,378	10,378	-
PR COLONIAL LIFE	-	2,431	2,431	-
PR-GARNISHMENT OF WAGES	-	810	810	-
PR M& I BANK-MOORE	-	1,300	1,300	-
PR TOWN OF MRSVL WWTP	-	1,399	1,399	-
PR CHILD SUPPORT	-	16,472	16,472	-
PR INTEREST EARNED	266	12	-	278
PR WORKSITE SOLUTIONS	-	1,046	1,046	-
PR PRE-PAID LEGAL	-	2,098	2,098	-
PR MISC CHARGES	764	499	103	1,160
MICHIGAN CHILD SUPPORT	-	10,137	10,137	-
PR ANNUAL CH SUPP FEE	-	220	220	-
STORMWATER USER FEES	198,182	134,186	123,716	208,652
WASTEWATER OPERATING	1,063,099	2,508,370	2,491,711	1,079,758
WASTEWATER PLANT IMPR	1,080,195	440,700	31,693	1,489,202
WASTEWATER B & I	-	415,176	415,176	-
WASTEWATER DEVEL AVAIL	11,033	-	10,000	1,033
WASTEWTR SEWER AVAILBLTY	280,080	-	5,821	274,259
WASTEWATER INVESTMENT	50,000	-	-	50,000
WASTEWATER FEDERAL GRANT	-	2,467,641	2,374,912	92,729
Totals	<u>\$ 19,168,874</u>	<u>\$ 25,229,859</u>	<u>\$ 24,922,765</u>	<u>\$ 19,475,968</u>

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

TOWN OF MOORESVILLE
NOTES TO FINANCIAL STATEMENT

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, wastewater, storm water, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the Town.

B. Basis of Accounting

The financial statement is 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 statement. The aggregate receipts include 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.

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,

TOWN OF MOORESVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statement. The aggregate disbursements include 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.

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.

TOWN OF MOORESVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

TOWN OF MOORESVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

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 Indiana Public Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

TOWN OF MOORESVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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 Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the Town which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF MOORESVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	General Fund	MVH	LR&S	Park Nonrevert Operatin	HEALTH SELF INSURANCE	ECONOMIC DEVELOPMENT USE	NON-REVERTING BUILDING
Cash and investments - beginning	\$ 907,236	\$ 366,457	\$ 410,368	\$ 218,156	\$ 127,201	\$ 13,750	\$ 161,645
Receipts:							
Taxes	1,890,408	511,507	-	-	-	-	-
Licenses and permits	91,416	-	-	-	-	-	-
Intergovernmental	2,182,138	258,230	84,027	-	-	-	-
Charges for services	5,170	400	-	129,225	-	-	-
Fines and forfeits	123,399	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	67,063	51,501	-	-	2,233,255	-	46,683
Total receipts	<u>4,359,594</u>	<u>821,638</u>	<u>84,027</u>	<u>129,225</u>	<u>2,233,255</u>	<u>-</u>	<u>46,683</u>
Disbursements:							
Personal services	2,413,808	457,284	-	26,896	-	-	831
Supplies	196,689	105,071	-	30,900	-	-	9,380
Other services and charges	1,438,672	306,090	-	6,763	2,359,915	-	1,383
Capital outlay	39,590	17,129	89,679	-	-	-	3,497
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	95,233	29,649	-	2,058	-	-	64
Total disbursements	<u>4,183,992</u>	<u>915,223</u>	<u>89,679</u>	<u>66,617</u>	<u>2,359,915</u>	<u>-</u>	<u>15,155</u>
Excess (deficiency) of receipts over disbursements	<u>175,602</u>	<u>(93,585)</u>	<u>(5,652)</u>	<u>62,608</u>	<u>(126,660)</u>	<u>-</u>	<u>31,528</u>
Cash and investments - ending	<u>\$ 1,082,838</u>	<u>\$ 272,872</u>	<u>\$ 404,716</u>	<u>\$ 280,764</u>	<u>\$ 541</u>	<u>\$ 13,750</u>	<u>\$ 193,173</u>

TOWN OF MOORESVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	LLEPCE	Unsafe Building	Riverboat	Park & Recreation	Rainy Day	EDIT	CCI
Cash and investments - beginning	\$ 60,808	\$ 31,000	\$ 157,461	\$ 63,713	\$ 667,084	\$ 487,576	\$ 48,668
Receipts:							
Taxes	-	-	-	651,889	-	-	-
Licenses and permits	1	-	-	-	-	-	-
Intergovernmental	-	-	55,247	56,634	-	384,150	24,734
Charges for services	8,746	-	-	239,208	-	-	-
Fines and forfeits	2,756	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,530	3,500	-	1,873	-	-	-
Total receipts	<u>13,033</u>	<u>3,500</u>	<u>55,247</u>	<u>949,604</u>	<u>-</u>	<u>384,150</u>	<u>24,734</u>
Disbursements:							
Personal services	-	-	-	439,155	-	-	-
Supplies	-	-	-	69,166	-	-	-
Other services and charges	-	-	-	323,564	-	285,835	-
Capital outlay	2,367	-	63,469	64,968	-	-	24,853
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	30,332	-	50,000	-
Total disbursements	<u>2,367</u>	<u>-</u>	<u>63,469</u>	<u>927,185</u>	<u>-</u>	<u>335,835</u>	<u>24,853</u>
Excess (deficiency) of receipts over disbursements	<u>10,666</u>	<u>3,500</u>	<u>(8,222)</u>	<u>22,419</u>	<u>-</u>	<u>48,315</u>	<u>(119)</u>
Cash and investments - ending	<u>\$ 71,474</u>	<u>\$ 34,500</u>	<u>\$ 149,239</u>	<u>\$ 86,132</u>	<u>\$ 667,084</u>	<u>\$ 535,891</u>	<u>\$ 48,549</u>

TOWN OF MOORESVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	CCD	Park Non-Rev Capital	PUBLIC SAFETY LOIT	Court Fund	PARK DONATIONS	FOOD AND BEVERAGE	BURGLAR ALARM PERMITS
Cash and investments - beginning	\$ 473,120	\$ 1,087,361	\$ 281,796	\$ 19,905	\$ 43,213	\$ 2,061,870	\$ 3,953
Receipts:							
Taxes	205,232	-	-	-	-	375,764	-
Licenses and permits	-	-	-	-	-	-	3,750
Intergovernmental	15,277	-	582,776	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	528,180	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	43,291	-	-	874	-	-
Total receipts	<u>220,509</u>	<u>43,291</u>	<u>582,776</u>	<u>528,180</u>	<u>874</u>	<u>375,764</u>	<u>3,750</u>
Disbursements:							
Personal services	-	-	514,895	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	48,000	-	-	-	-	-	-
Capital outlay	101,993	107,924	103,671	-	3,924	421,934	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	523,422	-	-	-
Total disbursements	<u>149,993</u>	<u>107,924</u>	<u>618,566</u>	<u>523,422</u>	<u>3,924</u>	<u>421,934</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>70,516</u>	<u>(64,633)</u>	<u>(35,790)</u>	<u>4,758</u>	<u>(3,050)</u>	<u>(46,170)</u>	<u>3,750</u>
Cash and investments - ending	<u>\$ 543,636</u>	<u>\$ 1,022,728</u>	<u>\$ 246,006</u>	<u>\$ 24,663</u>	<u>\$ 40,163</u>	<u>\$ 2,015,700</u>	<u>\$ 7,703</u>

TOWN OF MOORESVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	POLICE DRUG	OPERATION PULL OVER	POLICE DONATION	PETTY CASH	PARK PETTY CASH	COURT FINES IN TRUST	MSVL COURT FAX
Cash and investments - beginning	\$ 36,297	\$ -	\$ 15,312	\$ 400	\$ 300	\$ 5,300	\$ 123
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	15
Utility fees	-	-	-	-	-	-	-
Other receipts	9,655	3,400	100	-	-	-	-
Total receipts	<u>9,655</u>	<u>3,400</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	17,482	-	469	-	-	-	-
Other services and charges	-	3,400	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>17,482</u>	<u>3,400</u>	<u>469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(7,827)</u>	<u>-</u>	<u>(369)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15</u>
Cash and investments - ending	<u>\$ 28,470</u>	<u>\$ -</u>	<u>\$ 14,943</u>	<u>\$ 400</u>	<u>\$ 300</u>	<u>\$ 5,300</u>	<u>\$ 138</u>

TOWN OF MOORESVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	COUNTY COURT	POLICE CON'T ED	CRIMINAL JUSTICE REIMBRSM	SRF BOND & INTEREST	SRF DEBT SVC RESERVE	SRF CONSTRUCTION FND 1	SRF WW
Cash and investments - beginning	\$ -	\$ 29,534	\$ 2,924	\$ 630,363	\$ 169,288	\$ 1,250,115	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	39,108	82,262	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	595,680	119,496	1	1,747,497
Total receipts	<u>39,108</u>	<u>82,262</u>	<u>-</u>	<u>595,680</u>	<u>119,496</u>	<u>1</u>	<u>1,747,497</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	36,034	76,298	-	-	-	-	-
Capital outlay	-	-	-	502,497	-	-	1,747,497
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>36,034</u>	<u>76,298</u>	<u>-</u>	<u>502,497</u>	<u>-</u>	<u>-</u>	<u>1,747,497</u>
Excess (deficiency) of receipts over disbursements	<u>3,074</u>	<u>5,964</u>	<u>-</u>	<u>93,183</u>	<u>119,496</u>	<u>1</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,074</u>	<u>\$ 35,498</u>	<u>\$ 2,924</u>	<u>\$ 723,546</u>	<u>\$ 288,784</u>	<u>\$ 1,250,116</u>	<u>\$ -</u>

TOWN OF MOORESVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	REDEVELOPMENT TIF 1	REDEVELOPMENT INTEREST	TIF 2 EXPANDED	REDEVELOPMENT TIF 2	TIF RENTAL OF PROPERTY	FIRE DONATION	NON-REV CPR DONATION FUND
Cash and investments - beginning	\$ 4,209,408	\$ 325,593	\$ 201,884	\$ 1,852,111	\$ -	\$ 5,039	\$ 1,832
Receipts:							
Taxes	1,245,530	4,256	40,279	560,078	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	39,267	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	25,020	-	-	-	55,226	516	468
Total receipts	<u>1,270,550</u>	<u>4,256</u>	<u>40,279</u>	<u>560,078</u>	<u>94,493</u>	<u>516</u>	<u>468</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	3,870	1,126
Other services and charges	2,059,293	-	-	219,432	-	-	-
Capital outlay	-	-	-	-	94,493	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	55,226	-	-	-	-	-	-
Total disbursements	<u>2,114,519</u>	<u>-</u>	<u>-</u>	<u>219,432</u>	<u>94,493</u>	<u>3,870</u>	<u>1,126</u>
Excess (deficiency) of receipts over disbursements	<u>(843,969)</u>	<u>4,256</u>	<u>40,279</u>	<u>340,646</u>	<u>-</u>	<u>(3,354)</u>	<u>(658)</u>
Cash and investments - ending	<u>\$ 3,365,439</u>	<u>\$ 329,849</u>	<u>\$ 242,163</u>	<u>\$ 2,192,757</u>	<u>\$ -</u>	<u>\$ 1,685</u>	<u>\$ 1,174</u>

TOWN OF MOORESVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	TOWN IMPROVEMENT DONATION	KENDRICK FINANCIAL GRANT	NON-REV SW/SOIL EROSION	CEMETERY	CEMETERY PERM MTC	PR NET PAYROLL	PR FEDERAL W/H
Cash and investments - beginning	\$ 12,090	\$ 13	\$ 24,304	\$ 6,889	\$ 750	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	2,370	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	15,830	476	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	2,588,076	374,195
Total receipts	-	-	2,370	15,830	476	2,588,076	374,195
Disbursements:							
Personal services	-	-	-	-	-	2,588,076	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	1,702	9,157	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	1,648	-	-	374,195
Total disbursements	-	-	1,702	10,805	-	2,588,076	374,195
Excess (deficiency) of receipts over disbursements	-	-	668	5,025	476	-	-
Cash and investments - ending	\$ 12,090	\$ 13	\$ 24,972	\$ 11,914	\$ 1,226	\$ -	\$ -

TOWN OF MOORESVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	PR FICA W/H	PR STATE/CTY W/H	PR PERF VOLUNTARY DED	PR 77 PENSION PLAN	PR-GIFFCU	PR-INDIANA PAGING EMPLOY	PR PEBSCO
Cash and investments - beginning	\$ -	\$ -	\$ 690	\$ 12,355	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	333,095	215,400	3,009	81,908	80,750	252	55,447
Total receipts	<u>333,095</u>	<u>215,400</u>	<u>3,009</u>	<u>81,908</u>	<u>80,750</u>	<u>252</u>	<u>55,447</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	333,095	215,400	3,699	94,263	80,750	252	55,447
Total disbursements	<u>333,095</u>	<u>215,400</u>	<u>3,699</u>	<u>94,263</u>	<u>80,750</u>	<u>252</u>	<u>55,447</u>
Excess (deficiency) of receipts over disbursements	-	-	(690)	(12,355)	-	-	-
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, 2012
 (Continued)

	PR CORE SOURCE	PR-PFS SHAREHOLDERS	PR AMERICAN HERITAGE INS	PR AFLAC	PR COLONIAL LIFE	PR-GARNISHMENT OF WAGES
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	33,107	3,900	1,481	10,378	2,431	810
Total receipts	<u>33,107</u>	<u>3,900</u>	<u>1,481</u>	<u>10,378</u>	<u>2,431</u>	<u>810</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	33,107	3,900	1,481	10,378	2,431	810
Total disbursements	<u>33,107</u>	<u>3,900</u>	<u>1,481</u>	<u>10,378</u>	<u>2,431</u>	<u>810</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	<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, 2012
 (Continued)

	PR M& I BANK-MOORE	PR TOWN OF MRSVL WWTP	PR CHILD SUPPORT	PR INTEREST EARNED	PR WORKSITE SOLUTIONS	PR PRE-PAID LEGAL
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 266	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,300	1,399	16,472	12	1,046	2,098
Total receipts	<u>1,300</u>	<u>1,399</u>	<u>16,472</u>	<u>12</u>	<u>1,046</u>	<u>2,098</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	1,300	1,399	16,472	-	1,046	2,098
Total disbursements	<u>1,300</u>	<u>1,399</u>	<u>16,472</u>	<u>-</u>	<u>1,046</u>	<u>2,098</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 278</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, 2012
 (Continued)

	PR MISC CHARGES	MICHIGAN CHILD SUPPORT	PR ANNUAL CH SUPP FEE	STORMWATER USER FEES	WASTEWATER OPERATING	WASTEWATER PLANT IMPR
Cash and investments - beginning	\$ 764	\$ -	\$ -	\$ 198,182	\$ 1,063,099	\$ 1,080,195
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	134,186	2,377,444	-
Other receipts	499	10,137	220	-	130,926	440,700
Total receipts	<u>499</u>	<u>10,137</u>	<u>220</u>	<u>134,186</u>	<u>2,508,370</u>	<u>440,700</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	5,000	27,453	31,693
Utility operating expenses	-	-	-	118,716	1,621,528	-
Other disbursements	103	10,137	220	-	842,730	-
Total disbursements	<u>103</u>	<u>10,137</u>	<u>220</u>	<u>123,716</u>	<u>2,491,711</u>	<u>31,693</u>
Excess (deficiency) of receipts over disbursements	<u>396</u>	<u>-</u>	<u>-</u>	<u>10,470</u>	<u>16,659</u>	<u>409,007</u>
Cash and investments - ending	<u>\$ 1,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,652</u>	<u>\$ 1,079,758</u>	<u>\$ 1,489,202</u>

TOWN OF MOORESVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	WASTEWATER B & I	WASTEWATER DEVEL AVAIL	WASTEWTR SEWER AVAILBLTY	WASTEWATER INVESTMENT	WASTEWATER FEDERAL GRANT	Totals
Cash and investments - beginning	\$ -	\$ 11,033	\$ 280,080	\$ 50,000	\$ -	\$ 19,168,874
Receipts:						
Taxes	-	-	-	-	-	5,484,943
Licenses and permits	-	-	-	-	-	97,537
Intergovernmental	-	-	-	-	2,467,641	6,110,854
Charges for services	-	-	-	-	-	438,322
Fines and forfeits	-	-	-	-	-	775,720
Utility fees	-	-	-	-	-	2,511,630
Other receipts	415,176	-	-	-	-	9,810,853
Total receipts	<u>415,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,467,641</u>	<u>25,229,859</u>
Disbursements:						
Personal services	-	-	-	-	-	6,440,945
Supplies	-	-	-	-	-	434,153
Other services and charges	-	-	-	-	-	7,175,538
Capital outlay	-	10,000	5,821	-	2,374,912	5,844,364
Utility operating expenses	-	-	-	-	-	1,740,244
Other disbursements	415,176	-	-	-	-	3,287,521
Total disbursements	<u>415,176</u>	<u>10,000</u>	<u>5,821</u>	<u>-</u>	<u>2,374,912</u>	<u>24,922,765</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(10,000)</u>	<u>(5,821)</u>	<u>-</u>	<u>92,729</u>	<u>307,094</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 1,033</u>	<u>\$ 274,259</u>	<u>\$ 50,000</u>	<u>\$ 92,729</u>	<u>\$ 19,475,968</u>

TOWN OF MOORESVILLE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2012

Government or Enterprise	Accounts Payable	Accounts Receivable
Storm Water	\$ -	\$ 7,803
Wastewater	-	98,954
Governmental activities	-	-
Totals	\$ -	\$ 106,757

TOWN OF MOORESVILLE
SCHEDULE OF LEASES AND DEBT
December 31, 2012

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Notes and loans payable	OshKosh Capital/Fire Engine	\$ 107,284	\$ 54,890
Notes and loans payable	Trinity Bank-West Bank/loader for street dept	53,525	31,709
Notes and loans payable	Pacaar Financial/ Stree Dept/two dump trucks	<u>44,329</u>	<u>1</u>
Total governmental activities		<u>205,138</u>	<u>86,600</u>
Wastewater:			
Notes and loans payable	State Revolving Loan	<u>8,823,000</u>	<u>8,482,000</u>
Totals		<u>\$ 9,028,138</u>	<u>\$ 8,568,600</u>

TOWN OF MOORESVILLE
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2012

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Infrastructure	\$ 290,027
Buildings	1,579,807
Machinery, equipment, and vehicles	203,776
Total governmental activities	2,073,610
Storm Water:	
Total Storm Water	-
Wastewater:	
Machinery, equipment, and vehicles	68,757
Total capital assets	\$ 2,142,367

TOWN OF MOORESVILLE
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to the achievement of financial reporting objectives. The Town has not separated incompatible activities related to Park receipts and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.
2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statement and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement and the Schedule of Expenditures of Federal Awards.
3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Board to monitor and assess the quality of the Town's system of internal control. The Town Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility place the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

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)

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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 AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Mooresville's (Town) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on the major federal program for the year ended December 31, 2012. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the type of requirements

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2012-3 to be material weaknesses.

The Town's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Bruce Hartman
State Examiner

June 27, 2013

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were prepared by management of the Town. The schedule and note are presented as intended by the Town.

TOWN OF MOORESVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster CDBG/State's Program and Non-Entitlement Grants in Hawaii Wastewater Plant Expansion	Indiana Office of Community and Rural Affairs	14.228	DR2-09-090	\$ 2,374,912
Total - CDBG - State-Administered CDBG Cluster				<u>2,374,912</u>
Total - Department of Housing and Urban Development				<u>2,374,912</u>
<u>Department of Transportation</u>				
Highway Safety Cluster Safety Belt Performance Grants Operation Pullover	Indiana Criminal Justice Institute	20.609	2012	3,400
Total - Highway Safety Cluster				<u>3,400</u>
Total - Department of Transportation				<u>3,400</u>
<u>Environmental Protection Agency</u>				
Capitalization Grants for Clean Water State Revolving Funds Wastewater Plant Expansion	Indiana Dept. of Environmental Management	66.458	WW10035501	873,749
Total - Environmental Protection Agency				<u>873,749</u>
Total federal awards expended				<u>\$ 3,252,061</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF MOORESVILLE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Mooresville and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Program:

_____ Name of Federal Program or Cluster _____

CDBG - State-Administered CDBG Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2012-1 - INTERNAL CONTROLS OVER PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Town did not have a proper system of internal control in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The Town should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors: Federal expenditures for the SRF Wastewater Plant Expansion were understated by a net amount of \$492,114. An incorrect expenditure amount was reported and the federal percent of 50 percent was not used in reporting expenditures for the

TOWN OF MOORESVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

SRF loan. Audit adjustments were proposed, accepted by the Town, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310 (b) states:

"(b) Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

TOWN OF MOORESVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2012-2 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted the following deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to the achievement of financial reporting objectives. The Town has not separated incompatible activities related to Park receipts and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.
2. Bank account reconciliations were not reviewed by someone other than the preparer of the reconciliation.

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)

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-3 - INTERNAL CONTROLS

Federal Agency: Department of Housing and Urban Development
Federal Program: CDBG/State's Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): DR2-09-090
Pass-Through Entity: Indiana Office of Community and Rural Affairs

Management of the Town has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Davis Bacon compliance requirement. The failure to establish an effective internal control system places the Town at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirement and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant. The Town hires an outside grant administrator and relies on them to handle the above requirement without any oversight by the Town.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a type of compliance requirement of a federal program will be prevented, detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation

TOWN OF MOORESVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirement that has a direct and material effect to the program could result in the loss of federal funds to the Town.

We recommended that the Town's management establish controls, including segregation of duties, related to the grant agreement and Davis Bacon compliance requirements.

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 27, 2013

To: State Board of Accounts,

FINDING 2012-1: Internal Controls over Preparation of the Schedule of Expenditures of Federal Awards.

Contact Person: Sandra Perry
Title: Town of Mooresville Clerk-Treasurer
Contact Number: 317-831-1608

Corrective Action Plan:

The Town of Mooresville Clerk-Treasurer will have the Deputy Clerk-Treasurer review all balances and totals before submitting the annual report to Gateway.

The Budgetary Clerk will then review all balances and totals before submitting the annual report on Gateway.

That way we will have two employees that have reviewed the amounts the Clerk-Treasurer has put in the annual report before any submission on Gateway is completed.

Sincerely yours,

A handwritten signature in cursive script that reads 'Sandra R. Perry'.

Sandra R. Perry
Town of Mooresville Clerk-Treasurer

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

July 9, 2013

TO: State Board of Accounts

FINDING 2012-2 Internal Controls Over Financial Transactions and Reporting

Contact Person: Sandra Perry
Title: Town of Mooresville Clerk-Treasurer
Contact Number: 317-831-1608

Correction Plan:

The Town of Mooresville Park and Recreation will segregate the duties of receipts, deposit slips, and making the actual deposit at the bank.

The employees taking the actual cash in at the various places in the Park will put the receipts in the bag.

Melissa, Office Manager, will write out deposit slips for the receipts.

Kristen Wilson, Aquatic Director, or Brent Callahan, Park Superintendent, will take the deposit to the bank.

Sincerely yours,


Sandra R. Perry
Clerk-Treasurer

MOORESVILLE



TOWN of MOORESVILLE

4 East Harrison Street

Mooresville, Indiana 46158

Telephone (317) 831-1608

Fax (317) 831-9559

June 27, 2013

OFFICE OF
Sandra R. Perry
Clerk-Treasurer

State Board of Accounts:

Section 111
Finding 2012-3 - Internal Controls

Federal Agency: Department of Housing and Urban Development
Federal Program: CDBG/State's Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or other identifying Number): DR2-09-09
Pass -Through Entity: Indiana Office of Community and Rural Affairs

Correction Plan: The Town of Mooresville Town Council will verify the payroll submitted for the contractor, Wilhelm Construction Co., for the grant.

The Town of Mooresville Town Council will use the attached form for their signatures and include the form with the pay request from the contractor.

The Town of Mooresville is cognizant of the need to comply and meet the requirements of all Federal grants. This issue will be corrected and available for the State Board of Accounts to review at any time.

Sincerely yours,

A handwritten signature in cursive script that reads "Sandra R. Perry".

Sandra R. Perry
Clerk-Treasurer

PAYROLL SUBMISSION VERIFICATION

MOORESVILLE TOWN COUNCIL

The Mooresville Town Council verifies the payroll amounts that were submitted for this pay request.

Signatures:

ATTEST:

This form is to be attached to the pay request.

TOWN OF MOORESVILLE
EXIT CONFERENCE

The contents of this report were discussed on July 11, 2013, with Sandra Perry, Clerk-Treasurer; George Watkins, President of the Town Council; and Susan J. Leib, Judge.