

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF MOORESVILLE

MORGAN COUNTY, INDIANA

January 1, 2013 to December 31, 2013



**FILED**  
08/01/2014



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Clerk-Treasurer:	
Federal Findings:	
Finding 2013-001 - Internal Controls Over Financial Transactions and Recording - Schedule of Expenditures of Federal Awards.....	6-7
Finding 2013-002 - Internal Controls Over Financial Transactions and Recording.....	7
Corrective Action Plan .....	8-9
Exit Conference .....	10

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	Mark Mathis	01-01-13 to 12-31-14
Judge	Susan J. Leib	01-01-12 to 12-31-15



**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](http://www.in.gov/sboa)

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

This report is supplemental to our audit report of the Town of Mooresville (Town), for the period from January 1, 2013 to December 31, 2013. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the Town. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the Town, which provides our opinions on the Town's financial statement and federal program compliance. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

The Federal Findings, identified in the above referenced audit report, are included in this report.

Any Corrective Action Plan for the Federal Findings, incorporated within this report, was not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

May 15, 2014

(This page intentionally left blank.)

CLERK-TREASURER  
TOWN OF MOORESVILLE

CLERK-TREASURER  
TOWN OF MOORESVILLE  
FEDERAL FINDINGS

**FINDING 2013-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS  
AND REPORTING - 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. The Capitalization Grants for Clean Water State Revolving Funds (CFDA 66.458) was incorrectly reported on the SEFA. The grant was reported at 100 percent of the amount expended; however, the federal percentage was 50 percent, thus, of the \$1,253,654 reported initially only \$626,827 should have been reported. There were various errors in regard to Grantor Agency, Cluster Title, Program Title, or Project Title. There was also an error on the Pass-Through Entity for the Safety Belt Performance Grants (CFDA 20.609) and no identifying number was reported. 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 was materially correct in relation to the financial statement.

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:

"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.

CLERK-TREASURER  
TOWN OF MOORESVILLE  
FEDERAL FINDINGS  
(Continued)

- (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."

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)

***FINDING 2013-002 - INTERNAL CONTROLS OVER  
FINANCIAL TRANSACTIONS AND REPORTING***

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

1. Bank account reconciliations were not always reviewed by someone other than the preparer of the reconciliation.
2. Disbursements were not always properly approved by the governing board or were not always included on the claims docket for Council approval.

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)

TOWN OF MOORESVILLE  
CORRECTIVE ACTION PLAN

**FINDING 2013 - 001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

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

**CORRECTIVE ACTION PLAN**

- #1. The Town of Mooresville did not know about the percentages changing each year for the Annual report. For 2014 Annual report we will call to find out what percentage to use for reporting.

Signed *Sandra Perry*  
Titled *Clerk-Treasurer*  
Date *05-13-2014*

**FINDING 2013 - 002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

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

**CORRECTIVE ACTION PLAN**

#2. The employee that worked in claims and dockets in 2013 was doing the dockets incorrectly and not including the claims written in between meetings. When I caught this I started doing a calculator tape of the claims that were written in between meetings and adding the total to the docket total for council to give total of both docket and tape at the meetings. That person is no longer employed and the new person understands how to include the in between meetings on the docket so now we are getting the correct amounts of claims approved.

Signed *Sandra Perry*  
Titled *Clerk - Treasurer*  
Date *05-13-2014*

CLERK-TREASURER  
TOWN OF MOORESVILLE  
EXIT CONFERENCE

The contents of this report were discussed on May 15, 2014, with Sandra Perry, Clerk-Treasurer, and Mark Mathis, President of the Town Council.