

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

SUPPLEMENTAL AUDIT OF FEDERAL AWARDS

TOWN OF FISHERS

HAMILTON COUNTY, INDIANA

January 1, 2013 to December 31, 2013



**FILED**  
08/29/2014



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Linda Gaye Cordell	01-01-12 to 12-31-14
Town Manager	Scott Fadness	01-01-13 to 12-31-14
President of the Town Council	John Weingardt	01-01-13 to 12-31-14
Director of Public Works	Eric Pethel	01-01-13 to 12-31-14



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S 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 FISHERS, HAMILTON COUNTY, INDIANA

We have audited, in accordance with the 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 statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fishers (Town), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 12, 2014.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, 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 opinions on the financial statements, 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 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 statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in item 2013-001 of the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

INDEPENDENT AUDITOR'S 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 statements are free from 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*.

***Town of Fishers Response to Findings***

The Town's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

June 12, 2014

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR  
FEDERAL PROGRAM; ON INTERNAL CONTROL OVER COMPLIANCE;  
AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF FISHERS, HAMILTON COUNTY, INDIANA

***Report on Compliance for the Major Federal Program***

We have audited the Town of Fishers (Town) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2013. 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 programs 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 the 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 its major federal program for the year ended December 31, 2013.



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR  
FEDERAL PROGRAM; ON INTERNAL CONTROL OVER COMPLIANCE;  
AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133  
(Continued)

***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 types of requirements 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 an 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.

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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the Indiana State Board of Accounts and of the office examined.

***Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated June 12, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR  
FEDERAL PROGRAM; ON INTERNAL CONTROL OVER COMPLIANCE;  
AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133  
(Continued)

to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, 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 basic financial statements as a whole.

  
Paul D. Joyce, CPA  
State Examiner

June 24, 2014

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

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 FISHERS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013

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 - Entitlement Grants Cluster				
Community Development Block Grants/Entitlements Grants AD Holland Pk Sr Ctr Renovate	Hamilton County and Noblesville Housing Authority	14.218	HCCCBG-12-4	\$ 522,851
Total - CDBG - Entitlement Grants Cluster				<u>522,851</u>
Total - Department of Housing and Urban Development				<u>522,851</u>
<u>Department of Justice</u>				
Bulletproof Vest Partnership Program				
PD Bulletproof Vest Partnership	Direct grant	16.607	2013	<u>3,066</u>
Missing Children's Assistance				
PD DOJ ICAC/Child Sexual Predator Program	Indiana State Police	16.543	Hamilton ICAC 11	<u>33,056</u>
Total - Department of Justice				<u>36,122</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction ENG Cheeney Crk & Eller Rd Ped Enhance	Indiana Department of Transportation	20.205	Des. No. 1173194	<u>45,503</u>
Total - Highway Planning and Construction Cluster				<u>45,503</u>
Highway Safety Cluster				
State and Community Highway Safety PD Traffic Safety	Hamilton County	20.600	8192-8193	<u>24,050</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I				
PD Fatal Alcohol Crash Investigation	Indiana Criminal Justice System	20.601	18X9204100JN13	<u>19,914</u>
Total - Highway Safety Cluster				<u>43,964</u>
Total - Department of Transportation				<u>89,467</u>
<u>Department of Homeland Security</u>				
Homeland Security Grant Program				
FD 2010 SHSP CRBNE #2 FD HAZ MAT	Indiana Department of Homeland Security	97.067	18,159 18,160	5,471 <u>6,217</u>
Total - Department of Homeland Security Program				<u>11,688</u>
Total federal awards expended				<u>\$ 660,128</u>

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

TOWN OF FISHERS  
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 and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

TOWN OF FISHERS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statements:

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

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
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 <i>OMB Circular A-133</i> ?	no

Identification of Major Program:

\_\_\_\_\_ Name of Federal Program or Cluster \_\_\_\_\_

CDBG - Entitlement Grants 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 2013-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

We noted deficiencies in the internal control system of the Town related to financial transactions and reporting. Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.

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

The Town has not established effective controls to allow the proper reporting of the Town's receipts, disbursements, and cash and investment balances. Although the Town has established a Ledger of Receipts, Disbursements, and Balances, known as the General Ledger, the Town has elected to place certain debt proceeds into trust accounts or escrow accounts, and these accounts have not been made part of the General Ledger for the Town. As a result, these accounts are not included in the monthly reconciliation process, nor are any separate reconciliements completed for these funds. The General Ledger is understated by these accounts. At year end, the accounts must be added to the Town's General Ledger in order to prepare complete financial statements. The Town has not established effective controls to ensure that all funds are included on the financial statements.

The financial statements presented for audit included the following errors or omission:

1. The Town had placed funds totaling \$1,964,700 from short-term borrowing by the Wastewater Utility into an escrow account. Although this transaction should have been presented as cash with a fiscal agent, this balance was not included on the financial statements. In addition, the financial statements failed to present the incurred debt for the same amount.
2. The Construction in Progress and the Accounts Payable balance were both understated by \$858,010. The debt proceeds for the Fishers Station capital project were placed in a trust account that was not part of the General Ledger. The Town tracked construction projects and prepared the accounts payable listing from reports generated by the financial software, however, because the trust accounts were not part of the General Ledger, they were not included on the reports generated for either the Accounts Payable balance or the Construction in Progress balance.

The Town approved and made the necessary adjustment to correct these errors.

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***

No matters are reportable.

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AUDITEE PREPARED SCHEDULE

The subsequent schedule was provided by management of the Town. The schedule is presented as intended by the Town.



CORRECTIVE ACTION PLAN

Finding 2013-001

Contact Person Responsible for Corrective Action: Linda Gaye Cordell  
Contact Phone Number: 317-595-3145

Description of Corrective Action Plan:

To move all noted items into the Clerk-Treasurer Office. This has been a very difficult issue with my office as the Town Manager has created a department to handle all loan and bonds, and TIF transactions. They have failed with their accuracy and now it falls upon my office. We will diligently move all to my area as soon as possible, hopefully with their full cooperation.

Anticipated Completion Date: December 31, 2014

*Linda Gaye Cordell*  
\_\_\_\_\_  
(Signature)

*CLERK-TREASURER*  
\_\_\_\_\_  
(Title)

*JUNE 27, 2014*  
\_\_\_\_\_  
(Date)