

B37332

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

EXAMINATION REPORT
OF
TOWN OF MOROCCO
NEWTON COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
08/11/2010

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Sherril L. Rainford

01-01-08 to 12-31-10

President of the
Town Council

Robert W. Goczy

01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MOROCCO, NEWTON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Morocco (Town), for the period of January 1, 2008 to December 31, 2009. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Funding Progress and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

July 1, 2010

TOWN OF MOROCCO
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 66,038	\$ 326,426	\$ 245,363	\$ 147,101
Motor Vehicle Highway	43,532	102,748	106,623	39,657
Local Road and Street	65,106	7,882	67,138	5,850
Landfill Tipping Fees	16,373	136,576	93,979	58,970
Extreme Park	280	-	-	280
Transportation Vehicle	1,850	-	1,657	193
Law Enforcement Continuing Education	2,519	280	-	2,799
Rainy Day	-	5,626	2,842	2,784
Cumulative Capital Improvement	9,658	3,665	4,934	8,389
Cumulative Capital Development	15,485	9,658	21,500	3,643
Proprietary Funds:				
Water Utility - Operating	81,394	254,073	275,672	59,795
Water Utility - Hydrant and Main Grant	11,220	-	11,220	-
Water Utility - Customer Deposit	17,364	6,760	3,403	20,721
Water Utility - Billing Software Meter	5,134	-	1,227	3,907
Wastewater Utility - Operating	77,076	363,818	397,723	43,171
Wastewater Utility - Bond and Interest	90,813	240,590	217,440	113,963
Fiduciary Fund:				
Payroll	5,797	257,409	254,444	8,762
Totals	<u>\$ 509,639</u>	<u>\$ 1,715,511</u>	<u>\$ 1,705,165</u>	<u>\$ 519,985</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 147,101	\$ 194,900	\$ 197,672	\$ 144,329
Motor Vehicle Highway	39,657	161,869	99,907	101,619
Local Road and Street	5,850	6,707	252	12,305
Landfill Tipping Fees	58,970	103,458	155,580	6,848
Extreme Park	280	-	280	-
Transportation Vehicle	193	-	-	193
Law Enforcement Continuing Education	2,799	2,050	1,884	2,965
Rainy Day	2,784	2,794	655	4,923
Cumulative Capital Improvement	8,389	5,456	10,089	3,756
Cumulative Capital Development	3,643	6,892	4,648	5,887
Proprietary Funds:				
Water Utility - Operating	59,795	261,026	256,383	64,438
Water Utility - Customer Deposit	20,721	4,669	3,272	22,118
Water Utility - Billing Software Meter	3,907	-	3,907	-
Water Utility - Construction	-	383,368	382,574	794
Wastewater Utility - Operating	43,171	217,603	253,697	7,077
Wastewater Utility - Bond and Interest	113,963	245,681	216,965	142,679
Fiduciary Fund:				
Payroll	8,762	264,660	264,660	8,762
Totals	<u>\$ 519,985</u>	<u>\$ 1,861,133</u>	<u>\$ 1,852,425</u>	<u>\$ 528,693</u>

The accompanying notes are an integral part of the financial information.

TOWN OF MOROCCO
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

TOWN OF MOROCCO
NOTES TO FINANCIAL INFORMATION
(Continued)

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

TOWN OF MOROCCO
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 108,955	\$ 76,713	\$ 32,242	142%	\$ 134,005	24%
07-01-08	128,745	48,954	79,791	263%	129,579	62%
07-01-09	137,243	50,481	86,762	272%	184,925	47%

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

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Police Car	\$ 3,953	\$ 4,083
Notes and loans payable	<u>42,643</u>	<u>20,306</u>
Total governmental activities debt	<u>\$ 46,596</u>	<u>\$ 24,389</u>
Wastewater Utility:		
Revenue bonds:		
Improvements Series A	\$ 2,164,000	\$ 132,653
Improvements Series B	<u>1,385,000</u>	<u>84,808</u>
Total Wastewater Utility	<u>3,549,000</u>	<u>217,461</u>
Total business-type activities debt	<u>\$ 3,549,000</u>	<u>\$ 217,461</u>

TOWN OF MOROCCO
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Cumulative Capital Improvement	2009	<u>\$ 6,136.54</u>

A similar comment was in prior Report B31867.

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

CAPITAL ASSET RECORDS

Neither the Town or its Utilities maintain a detailed listing of capital assets. A similar comment was included in prior Report B31867.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ORDINANCES AND RESOLUTIONS

The Town of Morocco Wastewater Ordinance 1997-3 requires the Debt Reserve Fund to equal the maximum annual debt service on the Bonds then outstanding. The unit has five years from the date of delivery of the 1997 Bonds to accumulate these funds in reserve. At December 31, 2009, the balance in the Debt Reserve Fund was \$0.00. A similar comment was in the prior Report B31867.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF MOROCCO
EXAMINATION RESULTS AND COMMENTS
(Continued)

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger. The difference, as of December 31, 2008, was \$14,479.48 and the difference, as of December 31, 2009, was \$14,032.23. A similar comment was included in the prior Report B31867.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DONATIONS

Amounts from the Landfill Tipping Fee Fund were donated to several community service organizations. A similar comment was in prior Report B31867.

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONTRACTS

Payments from the Landfill Tipping Fees Fund to several nongovernmental entities were made without a contract. A similar comment was in prior Report B31867.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF MOROCCO
EXIT CONFERENCE

The contents of this report were discussed on July 1, 2010, with Sherri L. Rainford, Clerk-Treasurer; Robert W. Gonczy, President of the Town Council; and Melissa K. Pass, Utility Clerk. The officials concurred with our findings.