

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

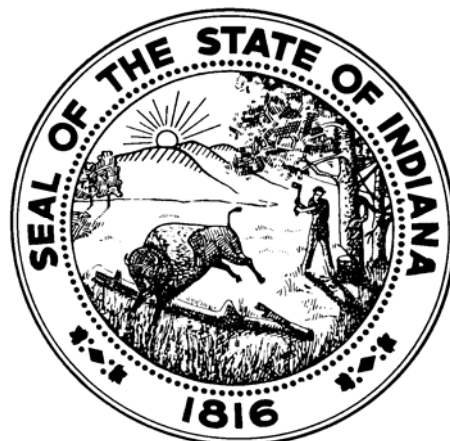
EXAMINATION REPORT

OF

TOWN OF MOROCCO

NEWTON COUNTY, INDIANA

January 1, 2003 to December 31, 2004



FILED
08/14/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rebecca Williamson Donna Cady	01-01-03 to 12-31-03 01-01-04 to 12-31-07
President of the Town Council	Larry Dowty Robert Gonczy	01-01-03 to 12-31-03 01-01-04 to 12-31-06
Superintendent of Utilities	Jeff Richey Randy Decker	01-01-03 to 04-31-04 05-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Morocco (Town), for the period of January 1, 2003 to December 31, 2004. The Town's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Except as described in the next paragraph, 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 schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Financial records presented for audit for the years ended December 31, 2003 and 2004, were incomplete and not reflective of the activity of the Town's funds. The records presented did not provide sufficient information to examine or establish receipts, disbursements, ending balances, or the accuracy or correctness of the transactions. Accordingly, the financial information for the year ended December 31, 2003, is not presented in the accompanying schedules. Cash balances as of December 31, 2004, have been compiled and are presented in the financial statement format.

Because of the restrictions on our examination discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2003 and 2004, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

May 1, 2006

TOWN OF MOROCCO
SCHEDULE OF CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Year Ended December 31, 2004

	Cash and Investments <u>12-31-04</u>
Governmental Funds	\$ 48,835
Proprietary Funds	<u>151,319</u>
Total	<u>\$ 200,154</u>

The accompanying notes are an integral part of the schedule.

TOWN OF MOROCCO
NOTES TO SCHEDULE

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highways and streets, culture and recreation, general administrative services, water and wastewater.

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.

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.

TOWN OF MOROCCO
NOTES TO SCHEDULE
(Continued)

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.

Note 7. Long-Term Debt

The Town has entered into debt such as revenue bonds for utilities improvement and construction; a capital lease for a tractor and a police car. The outstanding principal at December 31, 2004, was \$3,940,000, and \$8,718, respectively.

TOWN OF MOROCCO
EXAMINATION RESULTS AND COMMENTS

SALES TAX

The Utility did not remit to the Indiana Department of Revenue sales tax collected for utility services in a timely manner. These late payments resulted in additional interest and penalty charges to the Utility of \$959.68.

All questions concerning the law or procedure for paying and collecting sales tax should be directed to the Indiana Department of Revenue, Sales Tax Division. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We requested the Clerk-Treasurer, Rebecca Williamson, to reimburse the Town \$959.68 for these penalties and interest charges. (See Summary page 19)

GROSS INCOME TAX

The Water Utility did not pay Gross Income Tax to the Indiana Department of Revenue for the period ending 2003 and 2004. These late payments resulted in additional interest and penalty charges to the Utility of \$890.46.

The income of a municipality from the operation of water, gas, electric, transportation or other public utilities is a private and proprietary activity and, therefore, income derived there from is taxable. (Uniform and Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have the responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We requested the Clerk-Treasurer, Rebecca Williamson, to reimburse the Town \$959.68 for this penalty and interest charges. (See Summary page 19)

COMPENSATION AND BENEFITS

The Clerk-Treasurer received \$1,062.75 in payments for 2003 which were not included in the payroll system or on the salary ordinance or resolution. Several Town employees were paid for overtime hours worked which were not included on the salary ordinance or resolution.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, and resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF MOROCCO
EXAMINATION RESULTS AND COMMENTS
(Continued)

We requested the Clerk-Treasurer repay \$1,062.75 to the Town of Morocco for salary paid in excess of the amount established in the salary ordinance. (See Summary page 19)

COLLECTION OF AMOUNTS DUE - UNEMPLOYMENT CLAIMS

The Town paid the Indiana Department of Workforce Development for unemployment claims for the prior Clerk-Treasurer. It was subsequently determined that the Town was not liable for these charges. The amount paid to the Indiana Department of Workforce Development for the unemployment claims for Rebecca Williamson totaled \$5,220. Currently, the Indiana Department of Workforce Development is pursuing the collection of this overpayment from Rebecca Williamson.

Indiana Code 22-4-8-2 states in part: "The term 'employment' shall include: . . . (1) service performed after December 31, 1977, by an individual in the employ of this state or a political subdivision of the state or any instrumentality of the state or a political subdivision, or any instrumentality which is wholly owned by the state and one (1) or more other states or political subdivisions, if the service is excluded from 'employment' as defined in Section 3306(c)(7) of the Federal Unemployment Tax Act (26 U.S.C. 3306(c)(7)). However, service performed after December 31, 1977, as the following is excluded:

(A) An elected official . . ."

GUN PERMIT FEES

The Police Department collected fees for gun permits totaling \$110. The fees were not deposited with the Town Clerk-Treasurer or deposited in a Town bank account.

Indiana Code 5-13-6-1(d) states in part: "A city or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories selected by the city or town as provided in an ordinance adopted by the city or the town and approved as depositories of state funds."

Public funds shall be deposited in the same form in which they were received." (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees have the duty to remit receipts in a timely fashion. Any unaccounted receipts of the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We requested the Town Marshal, Charles Flahive, reimburse the Town \$110 for these undeposited gun permit fees. (See Summary page 19)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

The list of employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part: "on or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

TOWN OF MOROCCO
EXAMINATION RESULTS AND COMMENTS
(Continued)

ADVANCE PAYMENTS

In 2003, dates of payroll transactions indicate that several payments were made to the Clerk-Treasurer and Deputy Clerk-Treasurer prior to the receipt of services.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SERVICE AND TIME RECORDS

For 2003 and 2004, employee time, attendance, or service records were not maintained and presented for audit.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DISBURSEMENTS WITHOUT APPROPRIATIONS

Formal budgets and appropriations were not prepared as required by the Town Officials for the tax supported funds. The ledger of appropriations and balances was not maintained to verify cash expenditures did not exceed the last formally adopted budget.

Indiana Code 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."

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for audit.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

BOARD MINUTES

The Board minutes for 2003 did not contain all the necessary information to clearly understand the Board's objectives. Several policies and procedures were brought up for board approval but the final outcome was not documented in the minutes.

TOWN OF MOROCCO
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes take, by individual members if there is a roll call.
- (5) An additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

CAPITAL ASSET RECORDS

The Town and its utilities do not maintain a record of their capital assets.

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. 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)

CONDITION OF RECORDS

The following deficiencies, relating to the recordkeeping that were cited in the prior audit report, were again present during our period of audit:

- (1) Record balances were not reconciled to depository balances during the two year period.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

- (2) The Ledger of Receipts, Disbursements and Balances (Town Form 208) was not properly maintained with several months not presented for audit. The Detailed Ledger of Disbursements (Town Form 209A) had numerous posting errors and was not maintained in an organized manner. Due to the condition of these records a CTAR was not completed for the calendar years ending 2003 and 2004.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF MOROCCO
EXAMINATION RESULTS AND COMMENTS
(Continued)

Additionally we noted the following conditions present during the audit:

- (1) In 2003, meter deposit records did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances or the accuracy or correctness of the transactions. Significant posting errors were noted. In 2004, the meter deposit records did not reconcile to the meter deposit fund balance.
- (2) The Water Utility Simplified Cash Journal (Utility Form 319) and Simplified Cash Journal Wastewater - Class C (Utility Form 323) were not properly maintained.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OFFICIAL BOND

The following official bonds were not filed in the Office of the County Recorder:

- (1) Clerk-Treasurer (2003)
- (2) Deputy Clerk-Treasurer (2003)

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) a list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
 - (B) a description of the premises, as shown by the records of the county auditor; and
 - (C) the amount of the delinquent fees, together with the penalty; or

TOWN OF MOROCCO
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (2) an individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder. . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

UTILITY LATE FEES

Instances were noted where penalties on utility late fees were charged more than once.

The 10% penalty on unpaid wastewater bills specified in Indiana Code 36-9-23-31 should be assessed one time. Subsequent billings should not include additional assessments on this penalty. Similarly, unless specifically directed by statute, ordinance, or other legal directives, penalties on late fees for municipal utilities organized under Indiana Code 8-1.5 should be charged only one time. Future late charges should not include additional charges added to the penalties on late fees. (Cities and Towns Bulletin and Uniform Compliance Guidelines, March 1999)

DELINQUENT ACCOUNTS RECEIVABLE

Ordinance section 51.03 established the shutoff policy for delinquent customers. The Utility did not shut off delinquent customers as required by the ordinance. A similar comment was issued in prior Report B21301.

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)

UTILITY BILLINGS - PENALTIES

Instances were noted where the Water and Wastewater Utilities did not compute or bill customers a penalty for late payment of utility bills as required by the rate ordinances and applicable state statutes. A similar comment was issued in prior Reports B16091 and B21301

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Manuals for Cities and Towns, Chapter 51)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Manual for Cities and Towns, Chapter 51)

TOWN OF MOROCCO
EXAMINATION RESULTS AND COMMENTS
(Continued)

COMPUTER OUTPUT - UTILITY BILLINGS

Access to records and information generated by the computer system was limited due to the deletion of files on the system for customer histories for the time period of November 1, 1999 to April 30, 2003. Several month end reports detailing customer month end balances could not be located. Adjustments to customer accounts for 2003 could not be located in the utility billing office.

Public records, financial statement information and supporting information generated through a computer system should be printed out on paper, printed to disk or maintained on-line at the end of each reporting year and retained for audit. Information must be maintained in a manner that will allow access for audit and public inquiry on equipment of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 5-15-6-3(d) states: "No financial records or records relating thereto shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the State Board of Accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced as described in subsection (e)."

COLLECTION OF AMOUNTS DUE

We noted delinquent utility bills for several Town employees for the year 2003.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ORDINANCES AND RESOLUTIONS

The Water and Wastewater Utilities have ordinances concerning the funding of its Operating and Maintenance Fund, Waterworks Sinking Fund (Bond and Interest Account, Debt Service Reserve Account), and Waterworks Improvement Fund. However, the unit did not comply with these provisions. The Town did not establish the proper funds or make the necessary transfers to comply with the assurances per the revenue bond ordinance.

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)

Failure to make the necessary transfers as set out by the bond ordinances could result in a lack of funding to pay the bond obligations. The Clerk-Treasurer was advised to make the necessary transfers in the Water and Wastewater Funds.

TOWN OF MOROCCO
EXAMINATION RESULTS AND COMMENTS
(Continued)

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the customer deposit cash account on the bank reconciliation. We could not trace customer deposit disbursements to the original source documents. We could not verify postings of applied customer deposit balances to the customer payment edit reports.

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)

RECEIPT ISSUANCE

Receipts for utility collections were not always issued or issued but not recorded.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

RECEIPT DEPOSITS

In many cases, the deposits for utility collections were not remitted to the bank in the same form as they were received. Indiana Code 5-13-6-1(d) states in part: "A city or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories selected by the city or town as provided in an ordinance adopted by the city or the town and approved as depositories of state funds."

Public funds shall be deposited in the same form in which they were received. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PUBLIC WORKS PROJECT

The Town of Morocco, during 2003, contracted with Town and Country Paving for a paving project in the Town of Morocco. The total amount paid to Town and Country was \$40,745. There was no evidence presented for audit that sealed bids were requested or received.

Indiana Code 36-1-12-4(a) states in part: "This section applies whenever the cost of a public work project will be: (1) at least seventy-five thousand dollars (\$75,000) in: (A) a consolidated city or second class city; (B) a county containing a consolidated city or second class city; or (C) a regional water or sewage district established under IC 13-26; (2) at least fifty thousand dollars (\$50,000) in: (A) a third class city or town with a population of more than five thousand (5,000), or (B) a county containing a third class city or town with a population of more than five thousand (5,000); or (3) at least twenty-five thousand dollars (\$25,000) in a political subdivision or an agency not described in subdivision (1) or (2)."

TOWN OF MOROCCO
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 36-1-12-4(b) states in part: "The board must comply with the following procedure: (1) the board shall prepare general plans and specifications describing the kind of public work required, but shall avoid specifications which might unduly limit competition. . . . (2) The board shall file the plans and specifications in a place reasonably accessible to the public, which shall be specified in the notice required by subdivision (3). (3) Upon the filing of the plans and specifications, the board shall publish notice in accordance with IC 5-3-1 calling for sealed proposals for the public work needed. . . ."

ANNUAL REPORT

An annual report for 2003 and 2004 was not published or presented for audit.

Indiana Code 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

ONGOING – SPECIAL INVESTIGATION

The Town of Morocco and the Indiana State Police are currently conducting an investigation of allegations related to employment issues and missing Police Department equipment.

APPROVAL OF FORMS

The Town of Morocco was using the following forms which had not been approved for use in lieu of prescribed forms:

Balance Sheet
Profit and Loss by Class
Detail of Transactions by Class

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ERRORS ON CLAIMS

The following deficiencies were noted on claims for the year ending 2003:

- (1) Claims were not prepared for all disbursements.
- (2) Claims were not adequately itemized.
- (3) All claims did not have board approval.
- (4) Claims were not certified by the fiscal officer.

TOWN OF MOROCCO
EXAMINATION RESULTS AND COMMENTS
(Continued)

The following deficiencies were noted on claims for the years ending 2003 and 2004:

- (5) Claims were not posted to the ledger of receipts, disbursements and balances.
- (6) The invoice or bill was not approved by the officer or person receiving the goods or services.
- (7) Claims or invoices did not have evidence to support receipt of goods or services.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

TOWN OF MOROCCO
EXIT CONFERENCE

The contents of this report were discussed on May 1, 2006, with Donna Cady, Clerk-Treasurer; and Larry Bingham, Councilman. The official response has been made a part of this report and may be found on page 18.

The contents of this report were discussed by telephone conversation on May 4, 2006, with Rebecca Williamson, former Clerk-Treasurer.



Donna Cady • Clerk-Treasurer
TOWN OF MOROCCO
OFFICE OF THE CLERK TREASURER

Town Council:
Larry Bingham
Bob Gonczy
Jeff LaCosse

May 1, 2006

To Whom It May Concern:

I became the Clerk Treasurer for the Town of Morocco January 1, 2004. Due to the conditions of the records when I took office it was impossible to determine fund balances and operating procedures. Many of the daily responsibilities were not being performed by my predecessor and therefore adding to the responsibilities I had to endure while taking over this office. Although some of the mandated responsibilities were not fulfilled during my initial year in office, we are slowly making progress and restoring the records to a level satisfactory to the State Board of Accounts. I anticipate the next audit will proceed in a more efficient manner resulting in fewer audit comments. I will continue to uphold the responsibilities and duties of the Clerk Treasurer to the best of my ability and ask for your patience until I can complete this process.

Respectfully,

Donna Cady
Clerk Treasurer
Town of Morocco

112 East State Street • P.O. Box 366 • Morocco, IN 47963
Phone: (219) 285-2070 • Fax: (219) 285-2071

TOWN OF MOROCCO
 NEWTON COUNTY
 SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Rebecca Williamson, Clerk-Treasurer:			
Sales Tax Penalty and Interest, page 7	\$ 959.68	\$ -	\$ 959.68
Gross Income Tax Penalty and Interest, page 7	890.46	-	890.46
Compensation and Benefits, pages 7-8	<u>1,062.75</u>	<u>-</u>	<u>1,062.75</u>
Totals	<u>2,912.89</u>	<u>-</u>	<u>2,912.89</u>
Charles Flahive, Town Marshal:			
Gun Permit Fees, page8	<u>110.00</u>	<u>-</u>	<u>110.00</u>
Totals	<u>\$ 3,022.89</u>	<u>\$ -</u>	<u>\$ 3,022.89</u>

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AFFIDAVIT

STATE OF INDIANA)
)
White COUNTY)

I, Michael Doll, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Town of Morocco, Newton County, Indiana, for the period from January 1, 2003, to December 31, 2004, is true and correct to the best of my knowledge and belief.

Michael Doll
Field Examiner

Subscribed and sworn to before me this 1st day of August, 2006

Douglas R. Terpak
(Notary Public)

My Commission Expires: June 19, 2014

County of Residence: White