

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF MONTEZUMA

PARKE COUNTY, INDIANA

January 1, 2013 to December 31, 2013



**FILED**

12/08/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cathy L. Morgan	01-01-12 to 12-31-19
President of the Town Council	G. Allen Cobb	01-01-13 to 12-31-16
Superintendent of Utilities	Robert Allen Donald Cobb	01-01-13 to 05-18-14 05-19-14 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF MONTEZUMA, PARKE COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Montezuma (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 Examination Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statement Examination Report of the Town, which provides our opinion on the Town's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

October 20, 2016

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POLICE DEPARTMENT  
TOWN OF MONTEZUMA

POLICE DEPARTMENT  
TOWN OF MONTEZUMA  
EXAMINATION RESULT AND COMMENT

***INTERNAL CONTROLS***

Internal controls over the receipting, disbursing, recording, and accounting for the financial activities of the Police Department were insufficient. The Police Department did not use prescribed receipts for gun permits and did not remit the receipts to the Clerk-Treasurer timely.

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

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)

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. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

POLICE DEPARTMENT  
TOWN OF MONTEZUMA  
EXIT CONFERENCE

The contents of this report were discussed on October 20, 2016, with John Norris, Town Council member; Cathy L. Morgan, Clerk-Treasurer; Robert Jackson, Town Marshal; and G. Allen Cobb, President of the Town Council.

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CLERK-TREASURER  
TOWN OF MONTEZUMA

CLERK-TREASURER  
TOWN OF MONTEZUMA  
EXAMINATION RESULT AND COMMENT

***FUND SOURCES AND USES***

Two employees each earned 3.75 overtime hours on the March 28, 2013 payroll for snow removal. The Clerk-Treasurer split one employee's overtime wages of \$118 between the Water Operating fund and Sewer Operating fund. The other employee's overtime wages of \$118 was paid from the Gas Operating fund. These disbursements should have been made from the Local Road and Street fund.

The salaries of three employees were paid from Utility funds. The wages were split evenly between the Water Operating fund, Sewer Operating fund, Electric Operating fund, and Gas Operating fund. All three employees had Town responsibilities other than for the Utilities. The salary ordinance did not specify from which fund or funds each employee's salary should be paid. The total wages paid to all three employees agreed to the amounts authorized in the salary ordinance.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

Expenses paid from utility funds should be directly related to the operation of the municipally owned utility. Expenditures for city and town operating costs should not be paid from utility funds. Furthermore, utility funds should not be used to pay for personal items. The cost of shared employees and equipment between a city or town and its utilities should be prorated in a rational manner. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLERK-TREASURER  
TOWN OF MONTEZUMA  
EXIT CONFERENCE

The contents of this report were discussed on October 20, 2016, with John Norris, Town Council member; Cathy L. Morgan, Clerk-Treasurer; and G. Allen Cobb, President of the Town Council.