

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF MOROCCO

NEWTON COUNTY, INDIANA

January 1, 2016 to December 31, 2019



FILED
05/06/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sherri Rainford	01-01-16 to 12-31-20
President of the Town Council	Robert Gonczy	01-01-16 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE TOWN OF MOROCCO, NEWTON COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Morocco (Town), for the period from January 1, 2016 to December 31, 2019. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statements Audit Report of the Town, which provides our opinions on the Town's financial statements. This report may be found at 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 Audit 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 Audit Results and Comments, incorporated within this report, was not verified for accuracy.

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

April 7, 2020

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CLERK-TREASURER
TOWN OF MOROCCO

CLERK-TREASURER
TOWN OF MOROCCO
AUDIT RESULTS AND COMMENTS

CLERK-TREASURER COMPENSATION

Condition and Context

The elected Clerk-Treasurer's compensation was fixed by a salary ordinance adopted by the Town Council and effective as of January 1, 2016. On September 6, 2016, the Town Council authorized a salary increase of \$5,000 to the Clerk-Treasurer, effective immediately, which was not allowed by Indiana Code 36-5-3-2(c). The Clerk-Treasurer received \$4,999.99 in 2016 based upon this action. In addition, on June 28, 2016, the Clerk-Treasurer was paid \$175 for a Planning Commission stipend that was not fixed in the 2016 salary ordinance.

The elected Clerk-Treasurer's compensation was fixed by a salary ordinance adopted by the Town Council and effective as of January 1, 2019. On December 17, 2019, the Town Council adopted Ordinance 2019-12, which was an amendment to the 2019 Salary Ordinance. This ordinance stated that all employees, including the Clerk-Treasurer, were to receive a \$500 bonus, effective immediately upon adoption of the ordinance. The Clerk-Treasurer received the \$500 bonus in December 2019.

The total compensation paid to Clerk-Treasurer, Sherri Rainford (Rainford), exceeded the amount fixed in the salary ordinances by \$5,174.99 in 2016 and \$500 in 2019. We requested Rainford reimburse the Town \$5,674.99 for the overpayment of compensation. (See Summary of Charges, page 15)

Criteria

The 2016 version of Indiana Code 36-5-3-2, prior to its amendment in 2019, stated:

"(a) As used in this section, 'compensation' means the total of all money paid to an elected town officer for performing duties as a town officer, regardless of the source of funds from which the money is paid.

(b) The town legislative body shall, by ordinance, fix the compensation of its own members, the town clerk-treasurer, and the town marshal. The legislative body shall provide reasonable compensation for other town officers and employees.

CLERK-TREASURER
TOWN OF MOROCCO
AUDIT RESULTS AND COMMENTS
(Continued)

(c) The compensation of an elected town officer may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year.

(d) The legislative body may provide that town officers and employees receive additional compensation for services that:

- (1) are performed for the town;
- (2) are not governmental in nature; and
- (3) are connected with the operation of a municipally owned utility or function.

Subject to the approval of the legislative body, the administrative agency operating the utility or function shall fix the amount of the additional compensation, which shall be paid from the revenues of the utility or function."

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

OFFICIAL BOND COVERAGE

The Town obtained public official bond coverage for Rainford through Western Surety Company for the terms January 1, 2016 to December 31, 2016, and January 1, 2019 to December 31, 2019, in the amount of \$15,000 each term.



Sherry Rainford • Clerk-Treasurer
TOWN OF MOROCCO
OFFICE OF THE CLERK TREASURER

Town Council:
Duke Gagnon
Bob Gonczy
Scott Hivley

OFFICIAL RESPONSE

April 22, 2020

Dear Mr. Paul Joyce,

This letter is in response to my recent audit finding about my salary. I have been the Clerk Treasurer for the Town of Morocco for fourteen years. In 2013 I went back to school and finished my degree. I worked during the day and went to school at night. I finally finished in 2016. In September, my Town Board gave me a \$5000 raise for finishing my degree. Now after my recent audit I am being told that I must pay this \$5000 back by the end of my term which ends in 2022. I do not feel like this is fair to me at all. Since this money must be paid back before the end of my term it has now put a hardship on me and my family. I guess I do not understand how something that I worked so hard for and was so proud of has now been tainted and made me to feel like I took money from my Town. I wish you could look at my situation and not punish me for one of greatest

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accomplishments. I do so much extra for my Town and other Clerk Treasurers that I do not take money for. I have mentored new Clerk Treasurers and never charged a dime for driving and helping them. This situation has left me feeling defeated. I understand there are laws but sometimes there can be exceptions to them.

Sincerely,

A handwritten signature in black ink that reads "Sherri Rainford". The signature is written in a cursive, flowing style.

Sherri Rainford

Morocco Town Clerk

CLERK-TREASURER
TOWN OF MOROCCO
EXIT CONFERENCE

The contents of this report were discussed on April 7, 2020, with Sherri Rainford, Clerk-Treasurer; Robert Gonczy, President of the Town Council; David Gagnon, Town Council member; Scott Hivley, Town Council member; and Rebecca Goddard, Town Attorney.

TOWN COUNCIL
TOWN OF MOROCCO

TOWN COUNCIL
TOWN OF MOROCCO
AUDIT RESULTS AND COMMENTS

TOWN COUNCIL COMPENSATION

Condition and Context

The elected Town Council members' compensation was fixed by a salary ordinance adopted by the Town Council and effective as of January 1, 2019. On December 17, 2019, the Town Council adopted Ordinance 2019-12, which was an amendment to the 2019 Salary Ordinance. This ordinance stated that all employees, including the Board (Town Council), would receive a \$500 bonus, effective immediately upon adoption of the ordinance. The three Town Council members each received a \$500 bonus in December 2019.

The total compensation paid to Town Council member David Gagnon (Gagnon) exceeded the amount fixed in the 2019 salary ordinance by \$500. We requested Gagnon reimburse the Town \$500 for the overpayment of compensation. (See Summary of Charges, page 15)

The total compensation paid to the President of the Town Council, Robert Gonczy (Gonczy), exceeded the amount fixed in the 2019 salary ordinance by \$500. We requested Gonczy reimburse the Town \$500 for the overpayment of compensation. (See Summary of Charges, page 15)

The total compensation paid to Town Council member Scott Hivley (Hivley) exceeded the amount fixed in the 2019 salary ordinance by \$500. We requested Hivley reimburse the Town \$500 for the over-payment of compensation. (See Summary of Charges, page 15)

Criteria

Indiana Code 36-5-3-2, prior to its amendment in 2019, stated:

"(a) As used in this section, 'compensation' means the total of all money paid to an elected town officer for performing duties as a town officer, regardless of the source of funds from which the money is paid.

TOWN COUNCIL
TOWN OF MOROCCO
AUDIT RESULTS AND COMMENTS
(Continued)

(b) The town legislative body shall, by ordinance, fix the compensation of its own members, the town clerk-treasurer, and the town marshal. The legislative body shall provide reasonable compensation for other town officers and employees.

(c) The compensation of an elected town officer may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year.

(d) The legislative body may provide that town officers and employees receive additional compensation for services that:

- (1) are performed for the town;
- (2) are not governmental in nature; and
- (3) are connected with the operation of a municipally owned utility or function.

Subject to the approval of the legislative body, the administrative agency operating the utility or function shall fix the amount of the additional compensation, which shall be paid from the revenues of the utility or function."

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

OFFICIAL BOND COVERAGE

The Town Council was covered by a commercial policy for the period January 1, 2019 to January 1, 2020, with a limit of \$1,000,000 per occurrence.

TOWN COUNCIL
TOWN OF MOROCCO
EXIT CONFERENCE

The contents of this report were discussed on April 7, 2020, with Sherri Rainford, Clerk-Treasurer; Robert Gonczy, President of the Town Council; David Gagnon, Town Council member; Scott Hivley, Town Council member; and Rebecca Goddard, Town Attorney.

TOWN OF MOROCCO
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Sherri Rainford, Clerk-Treasurer:			
Clerk-Treasurer Compensation, pages 6 and 7	\$ 5,674.99	\$ -	\$ 5,674.99
David Gagnon, Town Council member:			
Town Council Compensation, pages 12 and 13	500.00	-	500.00
Robert Gonczy, Town Council member:			
Town Council Compensation, pages 12 and 13	500.00	-	500.00
Scott Hivley, Town Council member:			
Town Council Compensation, pages 12 and 13	<u>500.00</u>	<u>-</u>	<u>500.00</u>
Totals	<u>\$ 7,174.99</u>	<u>\$ -</u>	<u>\$ 7,174.99</u>

This report was forwarded to the Office of the Indiana Attorney General.

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AFFIDAVIT

STATE OF INDIANA)
)
LAKE COUNTY)

We, Cynthia David and Christina Griffin, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Town of Morocco, Newton County, Indiana, for the period from January 1, 2016 to December 31, 2019, is true and correct to the best of our knowledge and belief.

Cynthia David
Christina Griffin
Field Examiners

Subscribed and sworn to before me this 23 day of April, 2020

Dennis Beck
Notary Public



My Commission Expires: 5-28-23
County of Residence: Lake