

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

EXAMINATION REPORT

OF

TOWN OF MARSHALL

PARKE COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
09/19/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sharon Harmon	01-01-04 to 12-31-07
President of the Town Council	Charles Smith	01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Marshall (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. 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 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.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

July 24, 2006

TOWN OF MARSHALL
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 60,932	\$ 408,432	\$ 423,661	\$ 45,703
Motor Vehicle Highway	69,414	13,109	3,962	78,561
Local Road and Street	11,583	1,278	-	12,861
Park Improvement	-	816	598	218
Cumulative Capital Improvement	11,403	1,343	-	12,746
Proprietary Funds:				
Water Utility - Operating	15,307	30,163	39,925	5,545
Water Utility - Customer Deposit	3,605	275	75	3,805
Water Utility - Improvement	202,078	745	53,947	148,876
Totals	<u>\$ 374,322</u>	<u>\$ 456,161</u>	<u>\$ 522,168</u>	<u>\$ 308,315</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 45,703	\$ 127,607	\$ 125,449	\$ 47,861
Motor Vehicle Highway	78,561	12,747	12,665	78,643
Local Road and Street	12,861	1,279	-	14,140
Park Improvement	218	53	-	271
Cumulative Capital Improvement	12,746	1,113	12,902	957
Proprietary Funds:				
Water Utility - Operating	5,545	24,225	27,930	1,840
Water Utility - Customer Deposit	3,805	200	25	3,980
Wastewater Utility - Improvement	148,876	2,259	67,464	83,671
Totals	<u>\$ 308,315</u>	<u>\$ 169,483</u>	<u>\$ 246,435</u>	<u>\$ 231,363</u>

The accompanying notes are an integral part of the schedules.

TOWN OF MARSHALL
NOTES TO SCHEDULES

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. However, due to property tax reassessment taxes in 2004 were due June 18 and November 10.

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.

Note 6. Long-Term Debt

The Town has entered into debt for a bond anticipation note. The outstanding principal at December 31, 2005, was \$270,000.

TOWN OF MARSHALL
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	2005	<u>\$ 8,785</u>

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."

ORDINANCES AND RESOLUTIONS

The Town of Marshall Ordinance 1997-3 establishes that water bills delinquent for two consecutive months shall be disconnected. However, the billings test of ten accounts disclosed three of the ten accounts were in arrears over two months without being shut off. This ordinance also establishes a penalty of fifty cents per month for all delinquent users. This was not properly applied to all users. In our test six users had arrears and three received penalty charges of 50 cents.

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 MARSHALL
EXIT CONFERENCE

The contents of this report were discussed on July 24, 2006, with Sharon Harmon, Clerk-Treasurer. The official concurred with our findings.