

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

EXAMINATION REPORT

OF

MARION TOWNSHIP

JASPER COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED

11/17/2006

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OFFICIALS

Office

Official

Term

Trustee

John S. Amsler

01-01-03 to 12-31-06

Chairman of the
Township Board

Gerald Nesius

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 MARION TOWNSHIP, JASPER COUNTY, INDIANA

We have examined the financial information presented herein of Marion Township (Township), for the period of January 1, 2004 to December 31, 2005. The Township'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 present fairly, in all material respects, the financial information of the Township 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

October 10, 2006

MARION TOWNSHIP, JASPER COUNTY
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	\$ 92,244	\$ 46,367	\$ 40,416	\$ 98,195
Dog	300	171	-	471
Township Assistance	20,949	15,478	11,368	25,059
Firefighting	174,694	77,702	64,825	187,571
Rainy Day	-	915	-	915
Cemetery	400	-	-	400
Levy Excess	242	889	242	889
Cumulative Fire	<u>38,852</u>	<u>33,648</u>	<u>20,000</u>	<u>52,500</u>
Totals	<u>\$ 327,681</u>	<u>\$ 175,170</u>	<u>\$ 136,851</u>	<u>\$ 366,000</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 98,195	\$ 44,869	\$ 41,528	\$ 101,536
Dog	471	82	171	382
Township Assistance	25,059	16,497	12,816	28,740
Firefighting	187,571	79,085	74,164	192,492
Park and Recreation	915	-	-	915
Cemetery	400	-	-	400
Levy Excess	889	106	889	106
Cumulative Fire	<u>52,500</u>	<u>39,395</u>	<u>19,903</u>	<u>71,992</u>
Totals	<u>\$ 366,000</u>	<u>\$ 180,034</u>	<u>\$ 149,471</u>	<u>\$ 396,563</u>

The accompanying notes are an integral part of the schedules.

MARION TOWNSHIP, JASPER COUNTY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

Note 2. Fund Accounting

The Township 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 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 Township 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 Township 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 Township 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. Subsequent Event

The Township elected to join the Public Employees Retirement Fund or PERF in 2006. Past service cost of \$20,152 was paid in June 2006.

MARION TOWNSHIP, JASPER COUNTY
EXAMINATION RESULTS AND COMMENTS

COMPENSATION AND BENEFITS

Salaries paid to Township officers and employees for 2004 and 2005 were not established by Resolution Recommending Salaries of Township Officers and Employees, Form 17. A similar comment appeared in prior Report B23086.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, 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 Townships, Chapter 17)

OPTICAL IMAGES OF CHECKS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned an optical image of only the front side of the checks.

Indiana Code 5-15-6-3(a) concerning optical imaging of checks states, in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Furthermore, Indiana Code 26-2-8-111 states, in part:

- (a) "If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:
 - (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
 - (2) remains accessible for later reference."
- (e) "If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

MARION TOWNSHIP, JASPER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 10, 2006, with John S. Amsler, Trustee. The official concurred with our findings.