

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

EXAMINATION REPORT
OF
MARION TOWNSHIP
PUTNAM COUNTY, INDIANA
January 1, 2003 to December 31, 2005



FILED
12/11/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Greg Arnold	01-01-03 to 12-31-06
Chairman of the Township Board	James Williamson	01-01-03 to 12-31-03
	Douglas Phillips	01-01-04 to 12-31-04
	Deloss Greenlee	01-01-05 to 12-31-05
	James Williamson	01-01-06 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF MARION TOWNSHIP, PUTNAM COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Marion Township (Township), for the period of January 1, 2003 to December 31, 2005. The Township'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 Township for the years ended December 31, 2003, 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 30, 2006

MARION TOWNSHIP, PUTNAM COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2003, 2004, And 2005

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 51,164	\$ 11,964	\$ 12,376	\$ 50,752
Dog	1,523	-	1,195	328
Township Assistance	18,738	26	2,139	16,625
Firefighting	28,689	114	12,000	16,803
Cemetery	50	-	-	50
Totals	<u>\$ 100,164</u>	<u>\$ 12,104</u>	<u>\$ 27,710</u>	<u>\$ 84,558</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 50,752	\$ 22,703	\$ 13,103	\$ 60,352
Dog	328	662	318	672
Township Assistance	16,625	5,890	1,821	20,694
Firefighting	16,803	29,741	12,500	34,044
Cemetery	50	-	-	50
Rainy Day	-	1,400	-	1,400
Totals	<u>\$ 84,558</u>	<u>\$ 60,396</u>	<u>\$ 27,742</u>	<u>\$ 117,212</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 60,352	\$ 21,694	\$ 13,763	\$ 68,283
Dog	672	352	372	652
Township Assistance	20,694	4,716	3,205	22,205
Firefighting	34,044	26,207	13,000	47,251
Cemetery	50	-	50	-
Rainy Day	1,400	-	-	1,400
Totals	<u>\$ 117,212</u>	<u>\$ 52,969</u>	<u>\$ 30,390</u>	<u>\$ 139,791</u>

The accompanying notes are an integral part of the schedules.

MARION TOWNSHIP, PUTNAM COUNTY
NOTES TO SCHEDULES

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, culture and recreation, 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.

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.

MARION TOWNSHIP, PUTNAM COUNTY
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balance for the year 2005 were not presented for examination. The reconciliations presented for 2003 and 2004 were incorrect.

Indiana Code 5-13-6-1(e) states: "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."

At all times, the manual and/or 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 Townships, Chapter 13)

TIMELY DEPOSITS

Deposits of local tax distributions were not made in a timely manner. Five deposits were made for the year 2003, for the year 2004 there were only nine deposits made and for the year 2005 only six deposits were made. Out of those twenty deposits, the Township's records indicate that eight times the Township received tax distributions that were deposited more than two weeks late. The time between distribution and deposit was fifty days in one instance and in another instance sixty-eight days.

Dog Fund receipts for the examination period were deposited to the bank on only three dates; March 2, 2004; September 14, 2004, and October 22, 2005. Receipts indicate several months between the receipt of money and deposit. At the time of examination (October 2006) two receipts were received by the Field Examiner with cash still attached, those receipts were dated January 26, 2005.

Indiana Code 5-13-6-1(c) states in part: "The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month."

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PRESCRIBED FORMS

Prescribed Township Form 18, Dog Tax/Kennel License Receipt, was not used as prescribed.

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 Townships, Chapter 13)

CONFLICT OF INTEREST DISCLOSURE

Sharla Arnold, Clerk, is the spouse of Greg Arnold, Trustee. Payments for cemetery care are being paid to family members (sons Andy, Tyler and Eric and nephew Shea) of the Township Trustee and Township Clerk. Uniform Conflict of Interest Disclosure Statements do not appear to have been filed.

MARION TOWNSHIP, PUTNAM COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony. . . ."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6). . . ."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant."

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-3-4-1) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (1/2) of whose support is provided during a year by the public servant."

SUPPORTING DOCUMENTATION

Supporting documentation for expenditures other than advertising of reports and official bonds were not presented for examination. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

MARION TOWNSHIP, PUTNAM COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 30, 2006, with Sharla Arnold, Deputy Trustee. The official concurred with our findings.