

B36959

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

EXAMINATION REPORT
OF
MARION TOWNSHIP
PIKE COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
05/14/2010

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OFFICIALS

Office

Official

Term

Trustee

Amy M. Lee

01-01-07 to 12-31-10

Chairman of the
Township Board

Gregory A. Gray

01-01-07 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Marion Township (Township), for the period of January 1, 2007 to December 31, 2009. 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 presents fairly, in all material respects, the financial information of the Township for the years ended December 31, 2007, 2008, and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

April 22, 2010

MARION TOWNSHIP, PIKE COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 2,727	\$ 17,311	\$ 17,474	\$ 2,564
Dog	270	-	270	-
Township Assistance	9,663	5,000	6,357	8,306
Levy Excess	206	323	206	323
Totals	<u>\$ 12,866</u>	<u>\$ 22,634</u>	<u>\$ 24,307</u>	<u>\$ 11,193</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 2,564	\$ 18,255	\$ 18,239	\$ 2,580
Township Assistance	8,306	6,000	8,074	6,232
Levy Excess	323	-	323	-
Totals	<u>\$ 11,193</u>	<u>\$ 24,255</u>	<u>\$ 26,636</u>	<u>\$ 8,812</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 2,580	\$ 16,300	\$ 14,635	\$ 4,245
Township Assistance	6,232	3,500	5,772	3,960
Totals	<u>\$ 8,812</u>	<u>\$ 19,800</u>	<u>\$ 20,407</u>	<u>\$ 8,205</u>

The accompanying notes are an integral part of the financial information.

MARION TOWNSHIP, PIKE 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, 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. 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.

MARION TOWNSHIP, PIKE COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Machinery and equipment	\$ 1,022
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,022</u>

MARION TOWNSHIP, PIKE COUNTY
EXAMINATION RESULTS AND COMMENTS

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Officials or employees of the Township had money due from the Township, but a list of such employees was not certified to the County Treasurer.

IC 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due the person from the political subdivision to the treasurer of each county in which the political subdivision is located."

PRESCRIBED FORMS

The following prescribed forms were not in use or were not maintained in the manner prescribed:

Township Form 1C - Financial and Appropriation Record was not maintained in the manner prescribed. The official record was maintained in pencil, contained posting and numerous mathematical errors. Some disbursement transactions were not posted to the proper fund. The detail transactions were not in agreement with the control. The approved appropriations were not posted to the Financial and Appropriations Record.

Township Form 15 - Annual Financial Reports were incomplete, did not reflect the financial transactions of all funds and contained mathematical errors.

General Form 99B - Employee Earnings Record was not presented for examination.

General Form 100-R - Certified Report of Names, Addresses, Duties and Compensation of Public Employees was not filed with the State Examiner in compliance with IC 5-11-13-1.

General Form 369 - Capital Asset Ledger was not maintained in the manner 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)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONDITION OF RECORDS

The following deficiencies relating to recordkeeping were noted:

- (1) The Annual Reports filed for 2007, 2008, and 2009 contained errors. The Financial and Appropriation Record contained a considerable number of posting, classification and mathematical errors. The errors included checks and receipts not recorded in the proper amounts, disbursements were not properly classified as personal services, supplies, other services and charges, etc, and voided checks were not posted correctly.

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

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

- (2) Total receipts and disbursements by fund were not in agreement with the ledger control.

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)

- (3) Payments were observed which did not contain adequate supporting documentation such as receipts and invoices. Payments made under contract for mowing services were supported by contract; however, no supporting documentation was presented to reflect the dates when services were rendered. The ledger indicated that payments were made in installments.

Due to lack of supporting information, the validity and accountability for some monies disbursed could not be established. Supporting documentation such as receipts, cancelled checks, tickets, invoices, bills, contracts, and other public records must be available for examination 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)

- (4) Records presented for examination indicate payments were made to vendors for rescue and fire protection and nutritional and recreation programs in 2007 and 2008 without a contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

A similar comment appeared in prior reports.

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

BOARD MINUTES

Minutes of meetings of the governing body did not disclose all proceedings that took place. The setting of salaries for each calendar year was not mentioned in the minutes. Receipt and acceptance of Conflict of Interest Disclosure Statements and approval of temporary loans between funds were not documented in the minutes of the Township Board.

IC 5-14-1.5-4(b) states:

"As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5."

ADVANCE PAYMENTS

Dates of transactions indicate that Amy Lee, Trustee, paid herself in advance of providing the services. The rent and salary for 2009 as of September 7, 2009, had already been paid.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DISBURSEMENT OVERPAYMENT COLLECTIONS

The following exceptions were noted during the examination of disbursements:

Disbursements were not always posted to the proper fund. For example, per the ledger description, 32% of the worker's compensation insurance premium was paid from the Township Fund and 68% was paid from the Township Assistance Fund. No salary or wages were paid from the Township Assistance Fund for the three year examination period and no assistance recipients performed any services for the Township. Two thousand one hundred dollars (\$2,100) in worker's compensation insurance premiums were erroneously paid from the Township Assistance Fund.

At least one bank error in the amount of \$20, identified by the Trustee on the bank statement and also on the ledger, was posted to the Township Fund. Collections or refunds have not been received as of April 22, 2010.

IC 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of the public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Payments or transfers which are not authorized by statute, ordinance, resolution or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PENALTIES, INTEREST, AND OTHER CHARGES

Information presented for examination indicates that, in some cases, amounts payable to vendors and other suppliers of goods and services were not paid in a timely manner.

Internal Revenue Service (IRS) Tax Statements reflecting penalties and interest totaling \$39.25 and \$62.11 for the tax periods, June 30, 2008 and September 30, 2008, respectively, were presented for examination. Penalty and interest in the amount of \$39.25 for the tax period June 30, 2008 was paid May 18, 2009.

Only the first quarter 941 IRS Tax Form for 2009 was presented for examination. The return reported \$300 more in wages paid than the amount verified to the 2009 Township ledger for the tax period ending March 31, 2009. Inquiry of the Trustee revealed that the 2009 IRS 941 quarterly reports over stated the wages for 2009 in the amount of \$1,200.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

MARION TOWNSHIP, PIKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 22, 2010, with Amy M. Lee, Trustee. The officials concurred with our findings.