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

EXAMINATION REPORT  
OF  
TOWN OF MARSHALL  
PARKE COUNTY, INDIANA  
January 1, 2008 to December 31, 2009



**FILED**  
08/11/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sharon Harmon	01-01-08 to 12-31-11
President of the Town Council	Charles C. Smith	01-01-08 to 12-31-10



**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 financial information presented herein of the Town of Marshall (Town), for the period of January 1, 2008 to December 31, 2009. The Town'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 Town for the years ended December 31, 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 Long-Term Debt, 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

June 9, 2010

TOWN OF MARSHALL  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES  
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 43,346	\$ 126,419	\$ 129,023	\$ 40,742
Motor Vehicle Highway	83,272	11,584	7,811	87,045
Local Road and Street	16,608	1,144	-	17,752
Park Improvement	466	-	-	466
Rainy Day	-	571	95	476
Levy Excess	298	-	298	-
Cumulative Capital Improvement	3,508	1,170	-	4,678
Proprietary Funds:				
Water Utility - Operating	52,515	89,157	104,074	37,598
Water Utility - Bond and Interest	-	20,588	3,850	16,738
Water Utility - Debt Reserve	-	7,986	-	7,986
Water Utility - Customer Deposit	4,605	250	-	4,855
Totals	<u>\$ 204,618</u>	<u>\$ 258,869</u>	<u>\$ 245,151</u>	<u>\$ 218,336</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 40,742	\$ 51,277	\$ 47,949	\$ 44,070
Motor Vehicle Highway	87,045	12,434	17,807	81,672
Local Road and Street	17,752	1,373	-	19,125
Park Improvement	466	100	-	566
Rainy Day	476	489	-	965
Cumulative Capital Improvement	4,678	1,104	2,200	3,582
Proprietary Funds:				
Water Utility - Operating	37,598	90,510	77,378	50,730
Water Utility - Bond and Interest	16,738	19,589	18,667	17,660
Water Utility - Debt Reserve	7,986	3,962	-	11,948
Water Utility - Customer Deposit	4,855	200	-	5,055
Totals	<u>\$ 218,336</u>	<u>\$ 181,038</u>	<u>\$ 164,001</u>	<u>\$ 235,373</u>

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

TOWN OF MARSHALL  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highways and streets, culture and recreation, public improvements, general administrative services and water.

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 the taxes in 2008 were due August 15 and November 10. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town 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 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.

TOWN OF MARSHALL  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds	\$ 286,000	\$ 19,579

TOWN OF MARSHALL  
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for audit indicated following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Cumulative Capital Improvement	2009	<u>\$ 863</u>

IC 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."

ANNUAL REPORT - FUNDS OMITTED

The Bond and Interest Sinking Fund and the Debt Reserve Fund were not reported on the Annual Report. The Town began submitting monthly deposits to the Bank of New York, in 2008 to satisfy their bond requirements. The monies deposited and disbursed from these bank accounts were not properly recorded in their ledger or reported on their annual report.

IC 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

ORDINANCES AND RESOLUTIONS

Ordinance 1997-3 established that water bills delinquent for two consecutive months shall be disconnected. However, the billings test disclosed that two of ten accounts were more than two months in arrears. A similar comment was made in the previous report.

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 June 9, 2010, with Sharon Harmon, Clerk-Treasurer. The official concurred with our findings.