

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

EXAMINATION REPORT

OF

POLK TOWNSHIP

MARSHALL COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED

10/26/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Elaine Stoneburner	01-01-03 to 04-11-04
	Vacant	04-12-04 to 04-29-04
	Lynn L. Stull	04-30-04 to 12-31-06
Chairman of the Township Board	Lynn L. Stull	01-01-04 to 04-29-04
	Richard Parker	04-30-04 to 12-31-05
	Homer Stoneburner	01-01-06 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF POLK TOWNSHIP, MARSHALL COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Polk Township (Township), for the period of January 1, 2004 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, 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

September 1, 2006

POLK TOWNSHIP, MARSHALL 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:				
Township	\$ 13,127	\$ 38,231	\$ 30,554	\$ 20,804
Township Assistance	2,361	11,314	8,749	4,926
Firefighting	74,389	214,959	110,073	179,275
Dog	941	553	695	799
Park and Recreation	2,839	5,798	3,496	5,141
Fire Debt	8,169	36,791	31,972	12,988
Rainy Day	-	7,349	6,428	921
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 101,826</u>	<u>\$ 314,996</u>	<u>\$ 191,968</u>	<u>\$ 224,854</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 20,804	\$ 31,266	\$ 36,457	\$ 15,612
Township Assistance	4,926	9,687	7,421	7,193
Firefighting	179,275	178,036	170,230	187,080
Dog	799	690	943	546
Park and Recreation	5,141	7,012	7,526	4,627
Fire Debt	12,988	13,919	20,853	6,054
Levy Excess	-	4,469	-	4,469
Rainy Day	921	-	921	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 224,854</u>	<u>\$ 245,078</u>	<u>\$ 244,351</u>	<u>\$ 225,581</u>

The accompanying notes are an integral part of the schedules.

POLK TOWNSHIP, MARSHALL 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. Final settlement of taxes paid in 2003 and 2004 did not occur until February 2004 and February 2005, respectively. All property taxes collected by the County Treasurer and available for distribution during 2005 were distributed to the Township prior to December 31, 2005.

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.

POLK TOWNSHIP, MARSHALL COUNTY
EXAMINATION RESULT AND COMMENT

OFFICIAL'S SALARY

The Trustee of Polk Township reduced his wages, in 2005, by \$2,000 and increased the Clerk's wages by \$2,000. The Board approved the salary change between the Trustee and the Clerk as well as increasing the Clerk's duties and reducing the duties of the Trustee. However, the salary reduction caused the Trustee's wages to fall below the prior Trustee's wages.

Indiana Code 36-6-6-10 states in part:

"(b) The township legislative body shall fix the:

- (1) salaries;
- (2) wages;
- (3) rates of hourly pay; and
- (4) remuneration other than statutory allowances; of all officers and employees of the township.

(c) Subject to subsection (d), the township legislative body may reduce the salary of an elected or appointed official. However, . . . the official is entitled to a salary that is not less than the salary fixed for the first year of the term of office that immediately preceded the current term of office.

(d) . . . the township legislative body may not alter the salaries of elected or appointed officers during the fiscal year for which they are fixed, but it may add or eliminate any other position and change the salary of any other employee, if the necessary funds and appropriations are available. . .

(g) The township legislative body may not reduce the salary of the township executive without the consent of the township executive during the term of office of the township executive as set forth in IC 36-6-4-2."

POLK TOWNSHIP, MARSHALL COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 7, 2006, with Lynn L. Stull, Trustee. The official concurred with our finding.