

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

**Paul D. Joyce, CPA
State Examiner**

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF MARION

GRANT COUNTY, INDIANA

January 1, 2024 to December 31, 2024



FILED

09/15/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Dana Gault	01-01-24 to 12-31-25
Mayor	Ronald Morrell, Jr.	01-01-24 to 12-31-25
President of the Board of Public Works and Safety	Alex Huskey	01-01-24 to 12-31-25
President of the Common Council	Nick McKinley	01-01-24 to 12-31-25
Utility Executive Director	Chuck Binkerd Robin Shrader	01-01-24 to 04-28-24 04-29-24 to 12-31-25
President of the Utility Service Board	Robert Logan	01-01-24 to 12-31-25



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE CITY OF MARION, GRANT COUNTY, INDIANA

This report is supplemental to the audit report of the City of Marion (City), for the period from January 1, 2024 to December 31, 2024. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with the Financial Statement Audit Report of the City, which provides our opinions on the City's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

August 20, 2025



CITY CONTROLLER
CITY OF MARION

CITY CONTROLLER
CITY OF MARION
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

Condition and Context

The City did not have adequate internal controls in place to ensure information reported in the Annual Financial Report (AFR) was accurate. Financial and other information are required to be entered annually into the AFR via the Indiana Gateway for Government Units financial reporting system. The following issues were identified in the AFR submission for 2024:

Grant Schedule

- The COVID-19 - Coronavirus State and Local Fiscal Recovery Funds grant was overstated by \$1,400,000.
- Two additional grants had individually immaterial errors that resulted in errors totaling \$120,348.

Lease and Debt

- The ending principal balance as of December 31, 2024, for Taxable Economic Development Revenue Bonds Series 2012 bond was understated when compared to underlying accounting records by \$40,000,000.

Audit adjustments were proposed, accepted by the City, and made to the Schedule of Expenditures of Federal Awards presented in the Federal Compliance Audit Report of the City and the Schedule of Leases and Debt presented as Other Information in the Financial Statement Audit Report of the City.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

CITY CONTROLLER
CITY OF MARION
AUDIT RESULTS AND COMMENTS
(Continued)

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND DISBURSEMENTS

A similar comment also appeared in prior Reports B58765, B60403, 000000681S, and 84829S, entitled *MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND DISBURSEMENTS*.

Condition and Context

The City did not have adequate internal controls in place to ensure compliance with MVH restricted disbursements. Six of the ten MVH restricted fund disbursements tested were used for patching, contractual services not related to roadways, a web system, parking lot striping, and sewer work in alleys totaling \$40,100. These disbursements did not qualify as expenses for construction, reconstruction, and preservation of the City's highways.

Criteria

Indiana Code 8-14-1-5(c) states:" Except as provided in subsection (d), for funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

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CITY CONTROLLER
CITY OF MARION
EXIT CONFERENCE

The contents of this report were discussed on August 20, 2025, with Dana Gault, City Controller; Lynda Faw, Deputy City Controller; Ronald Morrell, Jr., Mayor; Nick McKinley, President of the Common Council; Gary Fordyce, Sr., Common Council member; Mike Cline, Common Council member; and Fred Cohlhepp, Board of Works and Public Safety member.

CITY UTILITIES
CITY OF MARION

CITY UTILITIES
CITY OF MARION
AUDIT RESULT AND COMMENT

BANK ACCOUNT RECONCILIATIONS

A similar comment also appeared in prior Reports 000000681S and 84829S, entitled *BANK ACCOUNT RECONCILIATIONS*.

Condition and Context

The City Utilities did not have adequate internal controls to ensure compliance with bank account reconciliations. Bank account reconciliations were performed monthly during the audit period. However, an unreconciled variance of \$49,132 existed as of December 31, 2024. The total fund balances were higher than the adjusted bank balance.

Criteria

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 must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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CITY UTILITIES
CITY OF MARION
EXIT CONFERENCE

The contents of this report were discussed on August 18, 2025, with Tiffany Snyder, Accounting/Billing Coordinator; Robin Shrader, Executive Director; Pat Pinkerton, Assistant Director for Engineering; Misty Humphries, Executive Assistant; and Chad Guyer, Assistant Director of Operations.