

B37312

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

EXAMINATION REPORT
OF
UNION TOWNSHIP
HUNTINGTON COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
08/06/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Danny W. Jordan	01-01-07 to 10-31-09
	David I. Hornback	11-01-09 to 12-31-10
Chairman of the Township Board	David I. Hornback	01-01-08 to 10-31-09
	Vacant	11-01-09 to 12-31-09
	Ron Goetz	01-01-10 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF UNION TOWNSHIP, HUNTINGTON COUNTY, INDIANA

We have examined the financial information presented herein of Union Township (Township), for the period of January 1, 2008 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, 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 and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

May 5, 2010

UNION TOWNSHIP, HUNTINGTON COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL 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:				
Township	\$ 34,322	\$ 6,788	\$ 12,772	\$ 28,338
Township Assistance	18,728	579	733	18,574
Firefighting	<u>33,432</u>	<u>10,836</u>	<u>13,292</u>	<u>30,976</u>
Totals	<u>\$ 86,482</u>	<u>\$ 18,203</u>	<u>\$ 26,797</u>	<u>\$ 77,888</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 28,338	\$ 13,329	\$ 15,185	\$ 26,482
Township Assistance	18,574	1,078	4,565	15,087
Firefighting	30,976	18,089	19,053	30,012
Rainy Day	-	140	-	140
Totals	<u>\$ 77,888</u>	<u>\$ 32,636</u>	<u>\$ 38,803</u>	<u>\$ 71,721</u>

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

UNION TOWNSHIP, HUNTINGTON 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.

UNION TOWNSHIP, HUNTINGTON COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Machinery and equipment	<u>\$ 192,818</u>

UNION TOWNSHIP, HUNTINGTON COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Township has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable	\$ 55,000	\$ 2,737

UNION TOWNSHIP, HUNTINGTON COUNTY
EXAMINATION RESULTS AND COMMENTS

ADVANCE PAYMENTS

Office rent of \$1,000 was paid to the Trustee on January 10, 2008, for the calendar year 2008, and \$1,200 was paid January 2, 2009, for the calendar year 2009. The Trustee resigned October 31, 2009, resulting in an overpayment of office rent of \$200.

The salaries of the former Trustee and Clerk were usually paid the first week of each month for that month. The salary for October 2009 was paid on September 30, 2009.

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)

IC 5-7-3-1 states in part: "(a) Public officers may not draw or receive their salaries in advance."

Danny W. Jordan, former Trustee, owes the Township \$200. The current residency of Danny W. Jordan is unknown. (See Summary, page 12)

DISBURSEMENT DOCUMENTATION

The former Trustee and Clerk were reimbursed \$915.74 for expenses during the examination period without supporting documentation such as receipts or paid invoices. Due to the lack of supporting documentation, the validity and accountability for these reimbursements 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)

Danny W. Jordan, former Trustee, owes the Township \$915.74. The current residency of Danny W. Jordan is unknown. (See Summary, page 12)

EXCESSIVE OR UNREASONABLE COSTS

Prior to August 15, 2009, the Township did not own a computer. The financial records of the Township were maintained on a hand posted ledger. The Trustee paid \$151.92 for printer ink cartridges during the period January 1, 2008 through October 31, 2009.

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Danny W. Jordan, former Trustee, owes the Township \$151.92. The current residency of Danny W. Jordan is unknown. (See Summary, page 12)

UNION TOWNSHIP, HUNTINGTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

TELEPHONE EXPENSE

Danny W. Jordan, former Trustee, paid \$651.79 for office telephone service during the period of examination. The telephone was listed as the Trustee's personal residence with no references as Union Township Trustee.

The rental of a telephone in the trustee's office may be paid from the Township Fund when the telephone is listed in the name of the township, such that the telephone is exempt from excise and sales tax. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Danny W. Jordan, former Trustee, owes the Township \$651.79. The current residency of Danny W. Jordan is unknown. (See Summary, page 12)

APPROPRIATIONS

The Township Fund expenditures were in excess of budgeted appropriations by \$608 for the year 2009.

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."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Internal Revenue Service form 944 (Employer's Annual Federal Tax Return) was not filed for 2008. A similar comment appeared in prior Report B33516.

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)

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)

UNION TOWNSHIP, HUNTINGTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

MILEAGE REIMBURSEMENT

The Trustee and the Clerk were reimbursed for mileage without filing Mileage Claim, General Form 101. Payments of \$234 were made based on total miles driven as documented on post-it notes. Payments of \$1,108 were undocumented.

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)

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)

PAYMENTS FOR CEMETERY CARE

Payments were made to various individuals for cemetery maintenance. No contracts were presented for examination to support the payments.

Documents presented for examination that were so noted as "contracts" were actually "Disclaimer and Release of Liability" documents. The individuals within these documents that received payments for cemetery maintenance are referred to as "volunteers." One section of the documents states . . . "The persons named agree to perform such voluntary mowing and trimming . . ."

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)

SALES TAX

Sales tax was paid for some purchases during 2008 and 2009.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

UNION TOWNSHIP, HUNTINGTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on May 5, 2010, with David I. Hornback, Trustee. The current residency of Danny W. Jordan, former Trustee, is unknown.

UNION TOWNSHIP, HUNTINGTON COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Danny W. Jordan, former Trustee:			
Advance Payments, page 8	\$ 200.00	\$ -	\$ 200.00
Disbursement Documentation, page 8	915.74	-	915.74
Excessive or Unreasonable Costs, page 8	151.92	-	151.92
Telephone Expense, page 9	<u>651.79</u>	<u>-</u>	<u>651.79</u>
 Totals	 <u>\$ 1,919.45</u>	 <u>\$ -</u>	 <u>\$ 1,919.45</u>

AFFIDAVIT

STATE OF INDIANA)
)
Wells COUNTY)

I, Lois DeBolt, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of Union Township, Huntington County, Indiana, for the period from January 1, 2008 to December 31, 2009, is true and correct to the best of my knowledge and belief.

Lois DeBolt
Field Examiner

Subscribed and sworn to before me this 26 day of July, 2010

Sally Bracke
Notary Public

My Commission Expires: June 26, 2013

County of Residence: Wells