

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

UNION TOWNSHIP

ADAMS COUNTY, INDIANA

January 1, 2010 to December 31, 2012



**FILED**  
10/17/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Rex A. Mihm Kenneth Bradley Alberson	01-01-07 to 12-31-10 01-01-11 to 12-31-14
Chairman of the Township Board	Leo E. Thieme	01-01-10 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statement of Union Township (Township), for the period of January 1, 2010 to December 31, 2012. The financial statement is the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statement 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Township for the period of January 1, 2010 to December 31, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Township for the period of January 1, 2010 to December 31, 2012, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Township's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Bruce Hartman  
State Examiner

September 11, 2013

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## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the Township.  
The financial statement and notes are presented as intended by the Township.

UNION TOWNSHIP, ADAMS COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Years Ended December 31, 2010, 2011, And 2012

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 57,373	\$ 18,019	\$ 12,250	\$ 63,142
Township Assistance	54,844	5,888	1,639	59,093
Fire Fighting	5,274	6,219	8,147	3,346
Cumulative Fire	5,295	6,463	6,000	5,758
Park and Recreation	9,991	20,531	22,224	8,298
Levy Excess	579	-	-	579
<b>Totals</b>	<b>\$ 133,356</b>	<b>\$ 57,120</b>	<b>\$ 50,260</b>	<b>\$ 140,216</b>

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township	\$ 63,142	\$ 14,012	\$ 13,643	\$ 63,511
Park and Recreation	8,298	20,906	15,748	13,456
Township Assistance	59,093	5,820	1,890	63,023
Fire Fighting	3,346	8,381	3,066	8,661
Levy Excess	579	-	109	470
Cumulative Fire	5,758	6,556	5,750	6,564
<b>Totals</b>	<b>\$ 140,216</b>	<b>\$ 55,675</b>	<b>\$ 40,206</b>	<b>\$ 155,685</b>

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Township	\$ 63,511	\$ 10,348	\$ 12,641	\$ 61,218
Park and Recreation	13,456	13,894	19,525	7,825
Township Assistance	63,023	3,376	1,621	64,778
Fire Fighting	8,661	6,407	6,131	8,937
Levy Excess	470	-	-	470
Cumulative Fire	6,564	3,812	9,000	1,376
<b>Totals</b>	<b>\$ 155,685</b>	<b>\$ 37,837</b>	<b>\$ 48,918</b>	<b>\$ 144,604</b>

The notes to the financial statement are an integral part of this statement.

UNION TOWNSHIP, ADAMS COUNTY  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Township was established under the laws of the State of Indiana. The Township operates under a township trustee/township board form of government and provides some or all of the following services: public safety (fire), health and social services (township assistance), culture and recreation (parks and/or community centers), and general administrative services (weed and dog control).

The accompanying financial statement presents the financial information for the Township.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Township.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

UNION TOWNSHIP, ADAMS COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The Township may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Township. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Township. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Township in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Township submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing

UNION TOWNSHIP, ADAMS COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Township in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

**Note 5. Risk Management**

The Township may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Township to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

UNION TOWNSHIP, ADAMS COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 6. Pension Plan**

*Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Township authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Township's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Reports of the Township which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Township. It is presented as intended by the Township.

UNION TOWNSHIP, ADAMS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	Township	Township Assistance	Fire Fighting	Cumulative Fire	Park and Recreation	Levy Excess	Totals
Cash and investments - beginning	\$ 57,373	\$ 54,844	\$ 5,274	\$ 5,295	\$ 9,991	\$ 579	\$ 133,356
Receipts:							
Taxes	17,657	5,888	6,219	6,463	12,789	-	49,016
Other receipts	362	-	-	-	7,742	-	8,104
Total receipts	<u>18,019</u>	<u>5,888</u>	<u>6,219</u>	<u>6,463</u>	<u>20,531</u>	<u>-</u>	<u>57,120</u>
Disbursements:							
Personal services	6,624	381	-	-	2,400	-	9,405
Supplies	258	44	-	-	447	-	749
Other services and charges	5,368	-	8,147	-	9,438	-	22,953
Capital outlay	-	-	-	6,000	9,939	-	15,939
Other disbursements	-	1,214	-	-	-	-	1,214
Total disbursements	<u>12,250</u>	<u>1,639</u>	<u>8,147</u>	<u>6,000</u>	<u>22,224</u>	<u>-</u>	<u>50,260</u>
Excess (deficiency) of receipts over disbursements	<u>5,769</u>	<u>4,249</u>	<u>(1,928)</u>	<u>463</u>	<u>(1,693)</u>	<u>-</u>	<u>6,860</u>
Cash and investments - ending	<u>\$ 63,142</u>	<u>\$ 59,093</u>	<u>\$ 3,346</u>	<u>\$ 5,758</u>	<u>\$ 8,298</u>	<u>\$ 579</u>	<u>\$ 140,216</u>

UNION TOWNSHIP, ADAMS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	Township	Park and Recreation	Township Assistance	Fire Fighting	Levy Excess	Cumulative Fire	Totals
Cash and investments - beginning	\$ 63,142	\$ 8,298	\$ 59,093	\$ 3,346	\$ 579	\$ 5,758	\$ 140,216
Receipts:							
Taxes	14,012	16,221	5,820	8,381	-	6,556	50,990
Charges for services	-	4,685	-	-	-	-	4,685
Total receipts	<u>14,012</u>	<u>20,906</u>	<u>5,820</u>	<u>8,381</u>	<u>-</u>	<u>6,556</u>	<u>55,675</u>
Disbursements:							
Personal services	8,066	2,976	414	-	-	-	11,456
Supplies	238	620	44	-	-	-	902
Other services and charges	5,339	6,354	1,432	3,066	-	5,750	21,941
Capital outlay	-	5,220	-	-	-	-	5,220
Other disbursements	-	578	-	-	109	-	687
Total disbursements	<u>13,643</u>	<u>15,748</u>	<u>1,890</u>	<u>3,066</u>	<u>109</u>	<u>5,750</u>	<u>40,206</u>
Excess (deficiency) of receipts over disbursements	<u>369</u>	<u>5,158</u>	<u>3,930</u>	<u>5,315</u>	<u>(109)</u>	<u>806</u>	<u>15,469</u>
Cash and investments - ending	<u>\$ 63,511</u>	<u>\$ 13,456</u>	<u>\$ 63,023</u>	<u>\$ 8,661</u>	<u>\$ 470</u>	<u>\$ 6,564</u>	<u>\$ 155,685</u>

UNION TOWNSHIP, ADAMS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012

	Township	Park and Recreation	Township Assistance	Fire Fighting	Levy Excess	Cumulative Fire	Totals
Cash and investments - beginning	\$ 63,511	\$ 13,456	\$ 63,023	\$ 8,661	\$ 470	\$ 6,564	\$ 155,685
Receipts:							
Taxes	8,848	8,997	3,376	6,407	-	3,812	31,440
Charges for services	1,500	4,897	-	-	-	-	6,397
Total receipts	<u>10,348</u>	<u>13,894</u>	<u>3,376</u>	<u>6,407</u>	<u>-</u>	<u>3,812</u>	<u>37,837</u>
Disbursements:							
Personal services	12,121	10,366	397	-	-	-	22,884
Supplies	45	654	45	-	-	-	744
Other services and charges	475	-	1,179	6,131	-	9,000	16,785
Capital outlay	-	8,505	-	-	-	-	8,505
Total disbursements	<u>12,641</u>	<u>19,525</u>	<u>1,621</u>	<u>6,131</u>	<u>-</u>	<u>9,000</u>	<u>48,918</u>
Excess (deficiency) of receipts over disbursements	<u>(2,293)</u>	<u>(5,631)</u>	<u>1,755</u>	<u>276</u>	<u>-</u>	<u>(5,188)</u>	<u>(11,081)</u>
Cash and investments - ending	<u>\$ 61,218</u>	<u>\$ 7,825</u>	<u>\$ 64,778</u>	<u>\$ 8,937</u>	<u>\$ 470</u>	<u>\$ 1,376</u>	<u>\$ 144,604</u>

UNION TOWNSHIP, ADAMS COUNTY  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2012

	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ -</u>	<u>\$ 20,533</u>

UNION TOWNSHIP, ADAMS COUNTY  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2012

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.

	Ending Balance
Governmental activities:	
Books and other	\$ 4,500
Union Township Hall Lions Club:	
Land	1,000
Buildings	125,000
Total Union Township Hall Lions Club	126,000
Total capital assets	\$ 130,500

UNION TOWNSHIP, ADAMS COUNTY  
EXAMINATION RESULTS AND COMMENTS

***CERTIFIED REPORT FILED AFTER DUE DATE***

The Township filed their certified reports of compensation of officers and employees (Form 100-R or its equivalent) with the State Board of Accounts for 2010 and 2011 on July 18, 2011, and April 23, 2012, which are 174 and 82 days past the due date, respectively.

Indiana C 5-11-13-1(a) states in part:

"Every state, county, city, town township, or school official . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

Indiana Code 5-11-13-1(b) states:

"The department of local government finance may not approve the budget of a county, city, town, or township or a supplemental appropriation for a county, city, town, or township until the county, city, town, or township files an annual report under subsection (a) for the preceding calendar year."

***BANK ACCOUNT RECONCILIATIONS***

Depository reconciliations of the fund balances to the bank account balances were not performed for the years 2011 and 2012.

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."

***CONDITION OF RECORDS***

Financial records presented for examination for 2011 and 2012 contained the following deficiencies:

1. In 2011, receipts posted to the Park and Recreation Fund for rental of the township building were understated by \$4,865 and disbursements posted to the Park and Recreation Fund were understated by \$451 in the same year. In 2012, receipts posted to the Park and Recreation Fund were overstated by \$1,294, Township Fund disbursements were overstated by \$1,091 and Park and Recreation Fund disbursements were overstated by \$856.
2. Interest earnings of \$58 and \$14 for 2011 and 2012, respectively, were not posted to the Financial and Appropriation Record.

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

3. Bank debits in 2012 of \$96 were not posted.
4. CVET distributions posted to "Total All Funds" were not posted to the Park and Recreation Fund for \$1,036 and \$595 for 2011 and 2012, respectively.
5. The Levy Excess Fund balance as reported in the Financial and Appropriation Record at December 31, 2011 was \$579 and at January 1, 2012, the balance was \$-0-.

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)

***ANNUAL REPORT***

The Annual Reports for 2011 and 2012 contained numerous errors and did not properly reflect the financial activity of the Township. These errors included a fund listed on the annual report that did not exist and fund receipts and disbursements that did not agree with the Financial and Appropriation Record.

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

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. 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."

***ADVANCE PAYMENTS***

The Township made payments of compensation to the Trustee, Clerk and Township Board in advance of the actual date the services were provided. The three Township Board members were paid 151 days in advance during 2011 and the Trustee and Clerk were each paid as much as 118 days in advance of the actual date the services were provided during 2011 and 2012.

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)

UNION TOWNSHIP, ADAMS COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 11, 2013, with Kenneth Bradley Alberson, Trustee. The official concurred with our findings.