

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

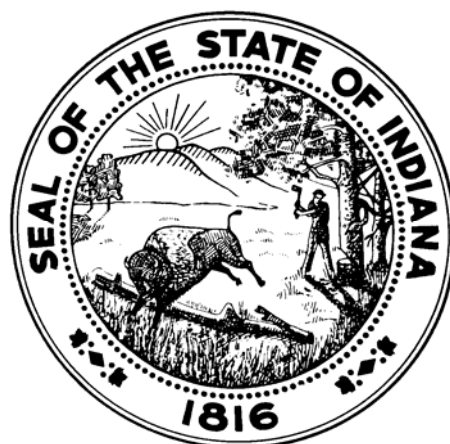
EXAMINATION REPORT

OF

UNION TOWNSHIP

PARKE COUNTY, INDIANA

January 1, 2004 to December 31, 2005



**FILED**  
10/23/2006



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report .....	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules .....	5
Examination Results and Comments:	
Overdrawn Fund Balance .....	6
Capital Asset Records .....	6
Prescribed Forms .....	6
Disbursement Documentation .....	6
Appropriations.....	7
Federal and State Agencies – Compliance Requirements .....	7
Resolutions .....	7
Exit Conference.....	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Mary Lana Livengood	01-01-03 to 12-31-06
Chairman of the Township Board	Larry Reeder	01-01-04 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of Union 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

August 17, 2006

UNION TOWNSHIP, PARKE COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY 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:				
General	\$ (6,204)	\$ 8,847	\$ 12,758	\$ (10,115)
Dog	354	147	83	418
Township Assistance	6,511	1,182	80	7,613
Firefighting	3,164	10,644	7,103	6,705
Levy Excess	157	-	-	157
Fiduciary Fund:				
Payroll Withholdings	1,401	-	-	1,401
Totals	<u>\$ 5,383</u>	<u>\$ 20,820</u>	<u>\$ 20,024</u>	<u>\$ 6,179</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ (10,115)	\$ 17,894	\$ 5,746	\$ 2,033
Dog	418	135	-	553
Township Assistance	7,613	-	7,483	130
Firefighting	6,705	68,721	69,071	6,355
Levy Excess	157	-	-	157
Fire Equipment Debt	-	66,594	33,222	33,372
Fiduciary Fund:				
Payroll Withholdings	1,401	-	-	1,401
Totals	<u>\$ 6,179</u>	<u>\$ 153,344</u>	<u>\$ 115,522</u>	<u>\$ 44,001</u>

The accompanying notes are an integral part of the schedules.

UNION TOWNSHIP, PARKE 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. However, due to property tax reassessment the installments in 2004 were due June 18 and November 10.

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.

Note 6. Long-Term Debt

The Township has entered into a loan for a fire truck. The outstanding principal at December 31, 2005, was \$299,826.

UNION TOWNSHIP, PARKE COUNTY  
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The Township Fund was overdrawn by \$10,115 in 2004.

The balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CAPITAL ASSET RECORDS

The Township purchased a fire truck the audit period. Record of the purchase was not kept on Form 369.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PRESCRIBED FORMS

The following prescribed forms were not in use:

Application For Township Assistance Form TA-1  
Capital Asset Record Form 369

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)

DISBURSEMENT DOCUMENTATION

Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established. Supporting documentation was not presented for audit on nine of the disbursements reviewed.

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)

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

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Firefighting	2005	<u>\$ 849</u>

Indiana Code 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

Withholding was not properly made from all wages paid. Federal tax forms (Form W-2 Statement of Wages and Form 941 Employer's Quarterly Federal Tax Return) explaining the payments were not retained for review. The withholding made from wages in 2005 has not been paid to the federal government.

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)

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)

RESOLUTIONS

Wages were not paid at the approved rate. The Trustee and Clerk were only paid one half the amount on the salary resolution for the year 2004. Nothing was paid to the Trustee or Clerk in 2005 and the Township Board members were paid \$100 less than the amount on the salary ordinance.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

UNION TOWNSHIP, PARKE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 17, 2006, with Mary Lana Livengood, Trustee.  
The official concurred with our findings.