

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

COMPLIANCE REPORT

OF

UNION TOWNSHIP

PORTER COUNTY, INDIANA

January 1, 2013 to December 31, 2016



FILED
08/04/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Anthony D. Pampalone	01-01-11 to 12-19-14
	(Vacant)	12-20-14 to 12-31-14
	George H. Topoll	01-01-15 to 12-31-18
Chairman of the Township Board	George H. Topoll	01-01-13 to 12-31-13
	Bob Emery	01-01-14 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF UNION TOWNSHIP, PORTER COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Union Township (Township), Porter County, for the period January 1, 2013 to December 31, 2016, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The 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 Results and Comments, incorporated within this report, was not verified for accuracy.

The Annual Financial Reports filed by the Township can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

June 20, 2017

UNION TOWNSHIP, PORTER COUNTY
RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

The Annual Financial Report (AFR) filed on Gateway for 2013, 2014, and 2015 did not match the Township records.

Years	Fund	Category	Amount per AFR	Amount per Township Ledger	Difference
2013	Payroll Deductions	Receipt	\$ -	\$ 1,434.36	\$ (1,434.36)
2013	Payroll Deductions	Disbursement	-	1,434.36	(1,434.36)
2014	Township	Receipt	10,716.28	11,267.16	(550.88)
2014	Township	Ending Balance	77,915.11	78,465.99	(550.88)
2014	Cumulative Fire	Receipt	78,120.88	75,020.88	3,100.00
2014	Cumulative Fire	Ending Balance	119,490.08	116,390.08	3,100.00
2014	Payroll Deductions	Receipt	-	1,084.07	(1,084.07)
2014	Payroll Deductions	Disbursement	-	622.44	(622.44)
2014	Payroll Deductions	Ending Balance	-	461.63	(461.63)
2014	Excess Levy	Receipt	-	98.64	(98.64)
2014	Excess Levy	Ending Balance	-	98.64	(98.64)
2015	Township	Beginning Balance	77,915.11	78,465.99	(550.88)
2015	Township	Receipt	13,006.54	12,455.66	550.88
2015	Cumulative Fire	Beginning Balance	119,490.08	116,390.08	3,100.00
2015	Cumulative Fire	Disbursement	108,100.00	105,000.00	3,100.00
2015	Payroll Deductions	Beginning Balance	-	461.63	(461.63)
2015	Payroll Deductions	Receipt	-	2,293.88	(2,293.88)
2015	Payroll Deductions	Disbursement	-	1,602.51	(1,602.51)
2015	Payroll Deductions	Ending Balance	-	1,153.00	(1,153.00)
2015	Excess Levy	Beginning Balance	-	98.64	(98.64)
2015	Excess Levy	Ending Balance	-	98.64	(98.64)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

APPROPRIATIONS

The records presented indicated the following disbursements in excess of budgeted appropriations:

Year	Fund	Excess Amount Disbursed
2015	Township	\$ 14,452.12
2015	Fire	126,500.00
2015	Cumulative Fire	35,000.00

Indiana Code 6-1.1.18-4 states: "Except as otherwise provided in this chapter, 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."

UNION TOWNSHIP, PORTER COUNTY
RESULTS AND COMMENTS
(Continued)

PAYROLL

The Township employed a Township Clerk for the years 2013, 2015, and 2016. Supporting documentation such as timesheets were not maintained to document the hours that were worked.

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record
General Form 99B, Employee's Earnings Record
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

NEPOTISM CERTIFICATION

Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2014, 2015, or 2016.

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

CONTRACTING POLICY CERTIFICATION

Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-21 (Contracting With a Unit) by December 31, 2014, 2015, or 2016.

Indiana Code 36-1-21-6 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

LATE FILING OF FORM 100-R

The Township did not timely file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) with the Indiana State Board of Accounts for 2016. The report was filed on February 10, 2017, which was 10 days past the due date.

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

"Every . . . township . . . 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 in their respective offices, departments, boards, commissions, and institutions, 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."

UNION TOWNSHIP, PORTER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 20, 2017, with George H. Topoll, Trustee, and Michelle Emery, Township Clerk.

**UNION TOWNSHIP TRUSTEE
GEORGE H. TOPOLL, TRUSTEE 251
NORTH 475 WEST, SUITE C
VALPARAISO, IN 46385**

OFFICIAL RESPONSE

June 27, 2017

Lisa David
State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, IN 46204-2765

Union Township wishes to file the following official response to the results and comments of the audit report dated June 20, 2017 covering the period of January 1, 2013 to December 31, 2016.

Annual Financial Report

Response: The current Union Township Trustee is unable to comment on the 2013 finding since it occurred during former Trustee Anthony Pampalone's time in office. The Township acknowledges the auditor's findings for 2014 and 2015. While the Township Ledger that is used to manage Township business is correct, there were data entry errors into the Gateway reporting system. The data entry into the Gateway system matches the Township Ledger for 2016.

Appropriations

Response: The Township agrees with the auditor's finding. Due to the unexpected resignation of Anthony Pampalone effective December 20, 2014, before the completion of his elected term as Trustee, based on the limited time until year-end and advice provided by the State Board of Accounts and Office of the Public Access Counselor, it was determined that an emergency meeting had to be called to encumber the 2014 funds designated for year-end 2014 contractual obligations and other payments due so that they would be available for such payment in 2015. The payments were made once the bank processed the transfer of the checking account to the newly elected Trustee. Due to these circumstances, the Township under-spent monies appropriated in 2014 and over-spent in 2015 using the encumbered funds.

Please refer to the adopted minutes of the Union Township Public Meeting of December 31, 2014 for the process taken to encumber the funds.

OFFICIAL RESPONSE (continued)

Penalties, Interest and Other Charges

Response: The Township agrees with the auditor's finding. Former Trustee Anthony Pampalone failed to file the Federal Employment Quarterly taxes (Form 941) for the third quarter of 2014 on a timely basis. Payment due no later than October 31, 2014 was signed and dated November 13, 2014, but not received by the IRS until December 29, 2014, resulting in the interest penalty paid.

Payroll

Response: The Township acknowledges the auditor's finding. The Township is unable to comment on this finding for 2013 since the office was managed by a different Trustee and Deputy Clerk and no records of such were transferred. Regarding 2015 and 2016, since the Deputy Clerk position is a salary, as opposed to an hourly position, the hours worked by the Deputy Clerk were not officially logged. The office was open all published days and hours, as well as by appointment. Going forward, per the recommendation, an hour log will be maintained for 2017 and beyond.

Annual Nepotism and Contracting Certification

Response: The Township acknowledges the auditor's finding. The Trustee and Board members reviewed and signed both Nepotism and Contracting Policies at the beginning of each year. The recommendation is that subject policies should be signed at the end of each year instead. The Township is confident that no such violation occurred. Going forward, the Township will follow the auditor's recommendation for 2017 and beyond.

Form 100R Late Filing

Response: The Township acknowledges the auditor's finding. Subject report was completed and attempted to be filed on-time but not able to be input into the system. After numerous attempts and immediately contacting the State Board of Accounts, report was ultimately able to be input with their guidance.

Sincerely,



George H. Topoll
Union Township Trustee