

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

UNION TOWNSHIP

MADISON COUNTY, INDIANA

January 1, 2012 to December 31, 2016



**FILED**  
09/07/2017



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	J. Michael Phillips	01-01-11 to 12-31-18
Chairman of the Township Board	Stephen Holtzleiter Walter Carter	01-01-12 to 12-31-14 01-01-15 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our examination report of Union Township (Township), Madison County, for the period from January 1, 2012 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Township. It should be read in conjunction with our Financial Statements Examination Report of the Township, which provides our opinion on the Township's financial statements. This report may be found at [www.in.gov/sboa](http://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 Examination 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 Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

July 17, 2017

UNION TOWNSHIP, MADISON COUNTY  
EXAMINATION RESULTS AND COMMENTS

**CANCELED CHECKS**

The Township's canceled checks or optical images of the canceled checks were not available for examination.

Indiana Code 5-15-5.1-10(a) states in part:

"Each agency and local government shall:

- (1) Make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures and essential transactions of the agency and local government to protect the legal and financial rights of the government and of persons directly affected by the agency's activities and the local government's activities. . . ."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination 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 1)

**PAYROLL TAX REPORTING**

Gross wages were under reported to the Internal Revenue Service on Forms W-2 for the year 2012.

Amounts reported to the Internal Revenue Service on Forms W-2 did not agree with amounts reported on quarterly Forms 941 for the year 2013. Wages were underreported on the quarterly Forms 941 by \$10,311. As a result, Social Security and Medicare taxes were underpaid by \$1,578. Federal payroll taxes were paid quarterly; however, they should have been paid monthly in accordance with federal deposit requirements.

Payments to the Indiana Department of Revenue for 2013 state and local income taxes withheld were \$299 less than the withholdings reported on Forms W-2.

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)

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

**APPROPRIATIONS**

The records presented for examination indicated that in 2012, the Township expended \$314,212 in excess of budgeted appropriations from the Emergency Fire Loan fund.

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."

**CONTRACTS**

The Township made payments totaling \$112,000 to a volunteer fire department for fire protection services in the year 2012. The Township received payments totaling \$139,400 in the year 2013 and \$150,000 in each of the years, 2014, 2015, and 2016 from the Town of Chesterfield for fire protection services. Contracts to support these payments made and received for services were not presented for examination.

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**ANNUAL FINANCIAL REPORT ERRORS**

The Township entered a lease purchase agreement for an ambulance in April 2014. The lease calls for semiannual payments of \$14,637 through July 1, 2019. The Township did not report this lease in their Annual Financial Reports on Gateway for the years 2014, 2015, or 2016.

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."

UNION TOWNSHIP, MADISON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 17, 2017, with J. Michael Phillips, Trustee.