



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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February 18, 2022

TO: THE OFFICIALS OF UNION TOWNSHIP, RANDOLPH 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), Randolph County, for the period of January 1, 2016 to December 31, 2020, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Township's Annual Financial Reports filed by management can be found on the Gateway Website: www.gateway.ifionline.org.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

ANNUAL FINANCIAL REPORT

Condition and Context

A similar comment also appeared in the immediately prior Report B47685.

The Township's financial information was entered into the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report (AFR) and financial statements.

The Township had not reported receipt activity in its AFR for both 2016 and 2017; this led to understatements of the Township's year-end cash and investments balance in the financial statement.

In addition, the AFRs for 2017 and 2018 included funds with combined beginning balances that were \$398,304 more and \$368,781 less than the prior period ending balances, respectively. Beginning and ending balances should agree.

Criteria

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

"The state examiner shall require from every audited entity 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](#)."

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)

BANK ACCOUNT RECONCILIATIONS AND CONDITION OF RECORDS

Condition and Context

A similar comment also appeared in the immediately prior Report B47685.

Depository reconciliations of the Township's fund balances to its operating bank account balance were conducted; however, the Township had not reconciled all bank and investment accounts, including its certificates of deposit (CD) balances, to the ending cash and investments balance reported in the AFR and financial statement.

As a result, the December 31, 2020 reconciliation did not balance. The ending cash and investments balance reported in the AFR was \$48,790 less than the adjusted bank balance (cash long). Of the aforementioned variance, \$46,000 was due to the overstatement of disbursements in 2020 caused by reporting the purchase of a CD as a disbursement. As a result of the above adjustment, the cash long calculated by the Indiana State Board of Accounts as of December 31, 2020, was \$2,790.

Criteria

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

ANNUAL NEPOTISM AND CONTRACTING CERTIFICATIONS

Condition and Context

Similar comments also appeared in the immediately prior Report B47685.

Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2016, 2017, 2018, 2019, and 2020.

In addition, 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, 2016, 2017, 2018, 2019, and 2020.

Criteria

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."

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."

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The Schedule of Cash and Investment Balances - Regulatory Basis, is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2020

Fund	Cash and Investments 12-31-20
Township Fund	\$ 5,164
Township Assistance	511
Fire Fighting	340,888
Rainy Day	<u>3,718</u>
Total	<u>\$ 350,281</u>

Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Robert Smith, Trustee, and Jay Pool, Chair of the Township Board, on January 31, 2022.

Respectfully,

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