



STATE OF INDIANA
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July 28, 2014

TO: THE OFFICIALS OF LIBERTY TOWNSHIP, HOWARD COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Liberty Township (Township), for the period of January 1, 2011 to December 31, 2013, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Our procedures were designed solely to satisfy the requirements of Indiana Code 5-11-1. Because our procedures were not designed to opine on the Township's financial statements, we did not follow *generally accepted auditing standards*. Accordingly, we do not express an opinion on any basic financial statement of the Township.

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 for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/. For years 2011 and later, the Annual Financial Reports filed by the Township can be found on the Gateway website: <https://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.

Unresolved Comment From Prior Report

- *Prescribed forms were not in use. Township Form 16, Township Trustee's Receipts, was not used during the review period nor was a substitute form.*

Current Period Comments

- *The Payroll Withholding fund activity and balances were not accurate for any of the years reviewed. Payroll withholdings were properly receipted into the fund; however, when withholdings were paid to the IRS and IDOR they were sometimes recorded as disbursements from the Township fund instead of the Payroll Withholdings fund. Therefore, the Payroll Withholding fund continues to accumulate a cash balance that is not accurate.*
- *Appropriations were overspent in 2011 and 2012. The Fire Fighting fund appropriations were overspent by \$7,366 in 2011. The Rainy Day fund disbursed \$1,185 in 2012; however, the Township did not establish any appropriations for this fund.*

- *Salaries paid to the Trustee, Clerk, and Board members were not earned completely before payment was made. Payments were made near the beginning of the month for salaries that include the month they were paid in, rather than the last day of the month.*
- *Board compensation for 2013 was established at \$750; however, the actual gross amount paid was \$812.13 which was reported on the W-2's. The excess amount is equal to the amount of Social Security and Medicare tax due by the employee. The gross pay was increased so that the net pay to the Board members would actually be \$750. The salary resolution approved by the Board should indicate the actual (gross) amounts paid.*
- *The Township did not complete required tax forms. No evidence of Form 1099's being issued during the review period was provided. Form 1099's should have been prepared for office rent and mowing paid to individuals.*
- *No evidence of a mowing contract approved by the governing board was provided.*

This letter is intended for the information and use of the governing body and management of the Township. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

The contents of this letter were discussed on May 14, 2014, with Linda Grove, Trustee, and Troy Beachy, Township Board member.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner