



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B44915

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

March 13, 2015

TO: THE OFFICIALS OF LIBERTY TOWNSHIP, CRAWFORD 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, 2010 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 Comments From Prior Report

- *Social Security and Medicare taxes were not properly withheld from Township Board members' wages during the review period.*
- *Township Board members were paid without the Township withholding federal, state, and local taxes for 2010, 2011, 2012, and 2013.*

Current Period Comments

- *The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks. The back side or endorsement side of the checks was not returned.*

- *Tax receipts were not properly posted to the Township Ledger nor deposited timely to the bank. Posting and deposits of tax receipts were only made twice a year. Indiana Code 5-13-6-1 requires Townships to deposit receipts on or before the first and fifteenth day of each month.*
- *Resolutions establishing salaries of Township officers and employees were not presented for review for 2010, 2011, 2012, and 2013. Form 17 (Resolution Establishing Salaries of Township Officers and Employees) has been prescribed for this purpose.*
- *Payroll taxes withheld were not remitted timely to the IRS for the years 2012 and 2013.*
- *W-2s were not issued for the Township Board.*
- *The Certified Report of Names, Address, Duties and Compensation of Public Employees (Form 100-R or its equivalent) was inaccurate. The 2013 100-R stated the Trustee's total compensation was \$4,200, but the Trustee actually was paid \$4,320 in 2013.*
- *The Township did not have a Nepotism Policy for 2012 or 2013.*
- *Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2012 or 2013.*
- *The Township did not have a Contracting Policy for 2012 or 2013.*
- *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, 2012 or 2013.*
- *The Annual Report for 2010 was not electronically until March 15, 2011, which was 14 days past the due date.*
- *The Township did not timely file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or its equivalent) with the Indiana State Board of Accounts for 2010, 2011, and 2013. The report was filed on April 29, 2011, February 29, 2012, and February 13, 2014, which is 88 days, 29 days, and 13 days, respectively, past the due date.*

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 June 30, 2014, with Richard Brown, Trustee, and Edna M. Brown, Township Clerk.

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