



STATE OF INDIANA
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B46936

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

September 23, 2016

TO: THE OFFICIALS OF LIBERTY TOWNSHIP, HENRY 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, 2013 to December 31, 2015, 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 auditing standards generally accepted in the United States of America. 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 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

- *Payroll taxes withheld were not properly remitted to the Internal Revenue Service for 2013, 2014, and 2015.*
- *The W-2s for 2013 were not presented. The wages reported on the W-2s issued for 2014 and 2015 did not agree with the actual amounts paid to employees.*
- *The Township owed annual office rent of \$1,050 to Phyllis Shafer, Trustee, for 2013 and 2014 and \$1,100 for 2015. The entire annual rent of \$1,050 due for 2013 and 2014 was paid in full by July 22, 2013, and January 31, 2014, respectively, and \$1,000 of \$1,100 due for 2015 was paid by January 31, 2015.*
- *The Annual Financial Reports filed on Gateway for 2013, 2014, and 2015 did not match the Township's records. Adjustments were approved and made by the Township to the Annual Financial Reports filed on Gateway to correct the following errors:*

<u>Years</u>	<u>Fund</u>	<u>Category</u>	<u>Amount Per Gateway</u>	<u>Amount Per Ledger</u>	<u>Difference</u>
2013	Township	Beginning Balance	\$ 12,915.08	\$ 14,296.82	\$ (1,381.74)
2013	Township	Ending Balance	16,036.96	17,418.64	(1,381.68)
2014	Township	Beginning Balance	16,036.96	17,418.64	(1,381.68)
2014	Township	Disbursements	20,517.56	20,757.56	(240.00)
2014	Township	Ending Balance	22,040.79	23,182.47	(1,141.68)
2014	Cumulative Fire	Disbursements	23,649.72	23,391.85	257.87
2014	Cumulative Fire	Ending Balance	47,977.10	48,234.97	(257.87)
2015	Township	Beginning Balance	22,040.79	23,182.47	(1,141.68)
2015	Township	Ending Balance	23,992.42	25,133.49	(1,141.07)
2015	Cumulative Fire	Beginning Balance	47,977.10	48,234.97	(257.87)
2015	Cumulative Fire	Ending Balance	65,843.36	66,101.23	(257.87)

Current Period Comments

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

<u>Years</u>	<u>Fund</u>	<u>Excess Amount Disbursed</u>
2014	Township	\$ 1,077.56
2014	Township Assistance	298.32
2014	Cumulative Fire	7,391.85
2015	Township	2,438.04

- In several instances, receipts were deposited later than the first and fifteenth of the month in 2013, 2014, and 2015.
- Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records.
- The Township Board did not fix the salaries of Township officers and employees in 2013, 2014, and 2015.
- The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) filed for 2013, 2014, and 2015 were inaccurate as follows:

<u>Years</u>	<u>Employee</u>	<u>Amount Reported on 100R</u>	<u>Actual Wages Paid</u>	<u>Difference</u>
2013	Phyliss Shafer	\$ 4,100.00	\$ 5,366.67	\$ (1,266.67)
2013	John Shafer	890.00	964.17	(74.17)
2013	Bill Bowman	890.00	296.67	593.33
2013	Steve Coffman	890.00	296.67	593.33
2014	Phyliss Shafer	-	6,899.98	(6,899.98)
2014	John Shafer	860.00	1,335.00	(475.00)
2015	Phyliss Shafer	4,700.00	10,116.65	(5,416.65)
2015	John Shafer	900.00	825.00	75.00

- *The Township did not have a Nepotism or Contracting Policy for years 2013, 2014, and 2015.*
- *Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2013 and 2014.*
- *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, 2013 and 2014.*

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 31, 2016, with Phyllis J. Shafer, Trustee. Any Official Response attached to this letter was not verified for accuracy.


Paul D. Joyce, CPA
State Examiner