

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

COMPLIANCE ENGAGEMENT REPORT

OF

LIBERTY TOWNSHIP

ST. JOSEPH COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED

10/01/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Sue Dittmar	01-01-19 to 12-31-24
Chair of the Township Board	Tom McCormick	01-01-19 to 12-31-23
	Josh Albright	01-01-24 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF LIBERTY TOWNSHIP, ST. JOSEPH 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, 2019 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Township as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

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. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Township's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Sue Dittmar, Trustee, and Josh Albright, Chair of the Township Board, on August 29, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

July 18, 2024

LIBERTY TOWNSHIP, ST. JOSEPH COUNTY
COMMENTS

INTERNAL CONTROLS

Condition and Context

The following areas did not have proper internal controls in place to ensure compliance with laws, regulations, and guidelines:

- Certification on Internal Control Standards
- Training on Internal Control Standards
- Compensation and Benefits
- Capital Assets
- Monthly and Annual Uploads

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Township certified on its 2019, 2020, 2021, 2022, and 2023 Annual Financial Report via the Indiana Gateway for Government Units financial reporting system that personnel defined by Indiana Code 5-11-1-27(c) received training concerning the internal control standards adopted by the Township; however, the Trustee did not complete the internal control training required.

Criteria

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

LIBERTY TOWNSHIP, ST. JOSEPH COUNTY
COMMENTS
(Continued)

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

COMPENSATION AND BENEFITS

Condition and Context

The Township was also unable to provide copies of the 2022 and 2023 Township Board approved salary ordinances for the engagement.

Criteria

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CAPITAL ASSETS

Condition and Context

The Township reported on its Annual Financial Report (AFR) via the Indiana Gateway for Government Units financial reporting system capital assets in the amounts of \$2,815,221 for 2019; \$2,843,957 for 2020; \$1,750,833 for 2021; \$1,750,495 for 2022; and \$2,444,133 for 2023. The Township did not provide a written capital asset policy that details the threshold at which an item is considered a capital asset. Additionally, the Township did not provide a complete detailed listing of all capital assets owned by the Township that supported the amounts reported on the AFR, and the Township did not provide evidence of a complete physical inventory of capital assets owned at least every two years.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detailed listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The Township was not in compliance with State Examiner Directive 2018-1. The Township did not upload into the Indiana Gateway for Government Units (Gateway) financial reporting system some of the required monthly and annual files for 2019 through 2023.

LIBERTY TOWNSHIP, ST. JOSEPH COUNTY
COMMENTS
(Continued)

The Township did not upload the following files and governmental unit information that are required to be uploaded monthly:

- The 2019, 2020, 2021, and 2022 Annual Salary Ordinance.
- The May 2023 and November 2023 Township Board minutes.
- There were no annual uploads submitted to Gateway for 2023.

Criteria

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)

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

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STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

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LIBERTY TOWNSHIP, ST. JOSEPH COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
Township Fund	\$ 378,888	\$ 141,299	\$ 59,021	\$ 461,166	\$ 140,955	\$ 59,936	\$ 542,185
Township Assistance Fund	73,019	-	1,575	71,444	-	324	71,120
Fire Fighting Fund	566,714	258,060	128,220	696,554	237,888	131,364	803,078
Rainy Day Fund	21,297	-	-	21,297	-	-	21,297
Cumulative Fire (Bldg/Rem/Equip) Fund	124,940	76,145	12,640	188,445	84,651	51,293	221,803
Building Debt Fund	21,871	104,722	107,066	19,527	85,601	103,005	2,123
Payroll Deduction Fund	4,947	10,634	11,089	4,492	10,926	10,790	4,628
CARES Provider Relief Fund	-	-	-	-	2,160	331	1,829
Totals	<u>\$ 1,191,676</u>	<u>\$ 590,860</u>	<u>\$ 319,611</u>	<u>\$ 1,462,925</u>	<u>\$ 562,181</u>	<u>\$ 357,043</u>	<u>\$ 1,668,063</u>

LIBERTY TOWNSHIP, ST. JOSEPH COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
Township Fund	\$ 542,182	\$ 146,885	\$ 119,330	\$ 569,737	\$ 172,848	\$ 122,072	\$ 620,513
Township Assistance Fund	71,120	-	1,073	70,047	-	1,473	68,574
Fire Fighting Fund	803,077	306,221	140,937	968,361	300,141	157,000	1,111,502
Rainy Day Fund	21,297	-	-	21,297	-	-	21,297
Cumulative Fire (Bldg/Rem/Equip) Fund	221,803	87,172	4,469	304,506	86,049	5,962	384,593
Building Debt Fund	2,121	-	-	2,121	-	-	2,121
Payroll Deduction Fund	4,629	11,997	11,500	5,126	12,912	12,138	5,900
CARES Provider Relief Fund	1,829	-	1,312	517	-	225	292
Totals	<u>\$ 1,668,058</u>	<u>\$ 552,275</u>	<u>\$ 278,621</u>	<u>\$ 1,941,712</u>	<u>\$ 571,950</u>	<u>\$ 298,870</u>	<u>\$ 2,214,792</u>

LIBERTY TOWNSHIP, ST. JOSEPH COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
Township Fund	\$ 620,514	\$ 307,460	\$ 97,603	\$ 830,371
Township Assistance Fund	68,573	-	400	68,173
Fire Fighting Fund	1,111,502	42,807	770,000	384,309
Rainy Day Fund	21,297	-	-	21,297
Special Fire Protection Territory	-	2,014,280	575,767	1,438,513
Cumulative Fire (Bldg/Rem/Equip) Fund	384,593	207	384,593	207
Special Fire Pro Terr Equipment Replac	-	152,595	141,678	10,917
Building Debt Fund	2,121	-	-	2,121
Payroll Deduction Fund	5,901	13,211	14,670	4,442
CARES Provider Relief Fund	293	-	-	293
Fire Building Fund 4425	-	490,885	120,273	370,612
Totals	<u>\$ 2,214,794</u>	<u>\$ 3,021,445</u>	<u>\$ 2,104,984</u>	<u>\$ 3,131,255</u>