

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

COMPLIANCE REPORT  
OF  
LIBERTY TOWNSHIP  
UNION COUNTY, INDIANA  
January 1, 2012 to December 31, 2016



**FILED**  
06/19/2017



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	William Baumbauer	01-01-12 to 12-31-18
Chairman of the Township Board	Ted Bostick	01-01-12 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF LIBERTY TOWNSHIP, UNION 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), Union County, for the period January 1, 2012 to December 31, 2016, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

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

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

The Annual Financial Reports filed by the Township can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

April 27, 2017

LIBERTY TOWNSHIP, UNION COUNTY  
RESULTS AND COMMENTS

**APPROPRIATIONS**

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

<u>Years</u>	<u>Fund</u>	<u>Excess Amount Disbursed</u>
2012	Fire Fighting	\$ 701
2013	Fire Fighting	1,320
2014	Fire Fighting	214
2016	Fire Fighting	978

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

**APPROVAL OF SALARIES**

The Township Board did not fix the salaries of Township officers and employees for 2012, 2013, and 2014.

Indiana Code 36-6-6-10(b) states in part:

"The township legislative body shall fix the:

- (1) salaries;
- (2) wages;
- (3) rates of hourly pay; and . . .

of all officers and employees of the township."

**PAYROLL DEDUCTIONS**

Township Board members were paid without the Township withholding Social Security and Medicare taxes in 2012, 2013, 2014, 2015, and 2016.

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 deferral 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)

LIBERTY TOWNSHIP, UNION COUNTY  
RESULTS AND COMMENTS  
(Continued)

***FAILURE TO ISSUE W-2 FORMS***

W-2s were not issued to Board members in 2012, 2013, 2014, 2015, and 2016.

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 deferral 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)

***NEPOTISM***

The Township did not have a Nepotism Policy for years 2012, 2013, 2014, and 2015.

Additionally, 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, 2013, 2014, and 2015.

Indiana Code 36-1-20.2-9(a) states in part: "This chapter establishes minimum requirements regarding employment of relatives. The legislative body of the unit shall adopt a policy that includes, at a minimum, the requirements set forth in this chapter. . . ."

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."

***CONTRACTING WITH A UNIT***

The Township did not have a Contracting Policy for years 2012, 2013, 2014, and 2015.

Additionally, 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, 2013, 2014, and 2015.

Indiana Code 36-1-21-4(a) states in part: "This chapter establishes minimum requirements regarding contracting with a unit. The legislative body of the unit shall adopt a policy that includes, at a minimum, the requirements set forth in this chapter. . . ."

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."

***CERTIFIED REPORT (FORM 100-R)***

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) filed for 2012, 2013, 2014, 2015, and 2016 was incomplete and inaccurate. For each year, the Trustee's pay included rent paid to the Trustee and the net salary payments. For each year, the Township Clerk's pay was reported at the net amount instead of the gross salary paid. In 2016, a Township Board member was not included in the report.

LIBERTY TOWNSHIP, UNION COUNTY  
RESULTS AND COMMENTS  
(Continued)

Indiana Code 5-11-13-1(a) states in part:

"Every . . . township official . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. . . ."

LIBERTY TOWNSHIP, UNION COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on May 4, 2017, with William Baumbauer, Trustee.