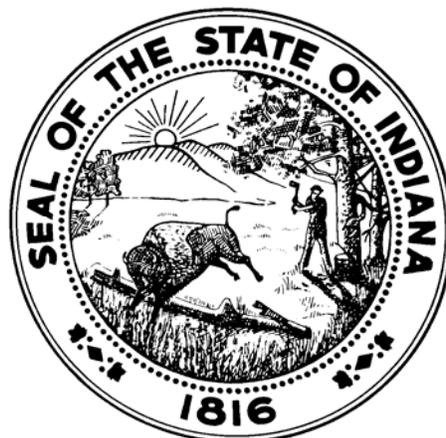


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
LIBERTY TOWNSHIP
DELAWARE COUNTY, INDIANA
January 1, 2003 to December 31, 2005



FILED
11/06/2006

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules	5
Examination Results and Comments:	
Condition of Records	6
Dog Tax Administrative Fee	6
Contracts	6
Disbursement Documentation	7
Penalties, Interest and Other Charges	7
Exit Conference	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Brian Dudley	01-01-03 to 12-31-06
Chairman of the Township Board	Jayne Poland	01-01-03 to 12-31-03
	Michael Jones	01-01-04 to 12-31-05
	Eugene Woodruff	01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of Liberty Township (Township), for the period of January 1, 2003 to December 31, 2005. The Township's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

October 23, 2006

LIBERTY TOWNSHIP, DELAWARE COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2003, 2004, And 2005

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 30,353	\$ 21,993	\$ 18,360	\$ 33,986
Dog	263	384	-	647
Township Assistance	26,244	4,509	10,933	19,820
Firefighting	52,959	43,476	38,656	57,779
Fire Equipment Debt	61	60,365	44,150	16,276
Cumulative Fire	23,385	25,739	-	49,124
Totals	<u>\$ 133,265</u>	<u>\$ 156,466</u>	<u>\$ 112,099</u>	<u>\$ 177,632</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 33,986	\$ 17,728	\$ 19,147	\$ 32,567
Dog	647	396	347	696
Township Assistance	19,820	8,548	8,156	20,212
Firefighting	57,779	49,264	38,383	68,660
Rainy Day	-	2,693	-	2,693
Fire Equipment Debt	16,276	54,860	44,700	26,436
Cumulative Fire	49,124	25,219	-	74,343
Totals	<u>\$ 177,632</u>	<u>\$ 158,708</u>	<u>\$ 110,733</u>	<u>\$ 225,607</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 32,567	\$ 16,829	\$ 19,884	\$ 29,512
Dog	696	390	696	390
Township Assistance	20,212	8,549	13,530	15,231
Firefighting	68,660	39,274	41,558	66,376
Rainy Day	2,693	-	-	2,693
Excess Levy	-	4,359	-	4,359
Fire Equipment Debt	26,436	40,092	46,477	20,051
Cumulative Fire	74,343	25,501	816	99,028
Totals	<u>\$ 225,607</u>	<u>\$ 134,994</u>	<u>\$ 122,961</u>	<u>\$ 237,640</u>

The accompanying notes are an integral part of the schedules.

LIBERTY TOWNSHIP, DELAWARE COUNTY
NOTES TO SCHEDULES

Note 1. Introduction

The Township was established under the laws of the State of Indiana. The Township provides the following services: public safety, health and social services and general administrative services.

Note 2. Fund Accounting

The Township uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Township in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Township on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Township to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Long-Term Debt

The Township has entered into a loan for a fire truck. The outstanding principal at December 31, 2005, was \$124,317.

LIBERTY TOWNSHIP, DELAWARE COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Financial records presented for audit were incomplete. The records presented did not provide sufficient information to audit receipts and disbursements, ending balances, payroll transactions or the accuracy or correctness of the transactions. Backup of financial records were not performed timely.

Records in use have not been approved by the State Board of Accounts.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DOG TAX ADMINISTRATIVE FEE

Administrative fees for dog tax were not receipted to the Township Fund.

Indiana Code 15-5-9-1 states in part: "For each individual dog tag or kennel license issued under this chapter, the township assessor (or trustee who collects the fee) shall retain from the fee described in this section, an administrative fee of fifty cents (\$0.50). Administrative fees collected by the assessor shall be deposited in the county general fund, and administrative fees collected by the trustee shall be deposited in the township general fund."

CONTRACTS

Records presented for audit indicate payments made for cemetery maintenance were in excess of the contract amounts by \$300, \$400, and \$50 for 2003, 2004, and 2005, respectively.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

LIBERTY TOWNSHIP, DELAWARE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

DISBURSEMENT DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation such as receipts, and invoices.

Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PENALTIES, INTEREST AND OTHER CHARGES

Penalties and interest totaling \$98.26 were paid to the Internal Revenue Service in February 2006 for the quarter ending September 30, 2005.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

LIBERTY TOWNSHIP, DELAWARE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 23, 2006, with Brian Dudley, Trustee; and Michael Jones, Board Member.