

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

EXAMINATION REPORT
OF
LIBERTY TOWNSHIP
WHITE COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
11/16/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Walter Hough	01-01-03 to 12-31-06
Chairman of the Township Board	Larry Anderson Michael Anderson Steven Carter	01-01-04 to 12-31-04 01-01-05 to 12-31-05 01-01-06 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF LIBERTY TOWNSHIP, WHITE 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, 2004 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, 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 10, 2006

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

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 11,108	\$ 35,832	\$ 44,217	\$ 2,723
Dog	299	134	242	191
Township Assistance	7,838	10,000	11,000	6,838
Firefighting	4,165	29,083	26,526	6,722
Park and Recreation	4,264	5,657	3,009	6,912
Levy Excess	441	-	441	-
Cumulative Fire	3,771	40,000	20,704	23,067
Landfill Host Agreement	803,928	237,108	192,854	848,182
Totals	<u>\$ 835,814</u>	<u>\$ 357,814</u>	<u>\$ 298,993</u>	<u>\$ 894,635</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 2,723	\$ 51,674	\$ 47,558	\$ 6,839
Dog	191	82	130	143
Township Assistance	6,838	20,000	14,980	11,858
Firefighting	6,722	32,090	29,764	9,048
Park and Recreation	6,912	5,304	3,147	9,069
Cumulative Fire	23,067	-	-	23,067
Landfill Host Agreement	848,182	268,657	146,646	970,193
Totals	<u>\$ 894,635</u>	<u>\$ 377,807</u>	<u>\$ 242,225</u>	<u>\$ 1,030,217</u>

The accompanying notes are an integral part of the schedules.

LIBERTY TOWNSHIP, WHITE 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, culture and recreation, 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.

LIBERTY TOWNSHIP, WHITE COUNTY
EXAMINATION RESULTS AND COMMENTS

BOARD OF FINANCE

The minutes presented for audit did not contain information related to the annual meeting of the board of finance or the election of officers to the board of finance. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 5)

Indiana Code 5-13-7-6(a) states in part: "Each local board of finance shall meet annually after the first Monday and on or before the last day of January. At the annual meeting the board of finance shall . . . Elect, from the board's membership . . . a president; and a secretary . . . The officers elected hold office until the officers' successors are elected and qualified."

DONATIONS

The Township donated \$17,955 in 2004 and \$2,500 in 2005 to various organizations.

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

SALES TAX

Sales tax was paid for some purchases.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PRESCRIBED FORMS

The Prescribed Township Form 1C, Financial and Appropriation Ledger was not in use.

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)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General	2004	\$ 2,017
General	2005	758
Township Assistance	2005	980
Park and Recreation	2005	3,147

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

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."

SALARY OVERPAYMENT

Walter Hough, Trustee, received \$1,072.50 additional salary payments for the year 2004 which were not included in the payroll system or on the salary resolution. \$448.37 was deducted from payroll in 2005 and the remainder was deposited into the Township Fund on March 10, 2006.

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 statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

COMPENSATION AND BENEFITS

Walter Hough, Trustee, received \$2,000 in payments for health insurance compensation for the year 2005 which were not included in the payroll system or on the salary resolution. However, the Township Board did approve payment in the Board minutes.

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 statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

CAPITAL ASSET RECORDS

Information presented for audit did not indicate a complete inventory or record of capital assets using Form 369. Some equipment purchased in the audit period was not recorded on the capital asset record.

Every governmental unit should have a complete inventory of all fixed assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

BOARD MINUTES

Not all minutes of meetings of the governing body were available for audit.

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

Indiana Code 5-14-1.5-4(b) states: "As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under Indiana Code 5-1.5-2-2.5 or Indiana Code 20-12-63-7"

LIBERTY TOWNSHIP, WHITE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 10, 2006, with Walter Hough, Trustee. The official concurred with our findings.