

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

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



FILED
12/06/2006

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OFFICIALS

Office

Official

Term

Trustee

Twillia Gilbert

01-01-03 to 12-31-06

Chairman of the
Township Board

David Grimes

01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF LIBERTY TOWNSHIP, PARKE 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

September 11, 2006

LIBERTY TOWNSHIP, PARKE 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	\$ 15,947	\$ 7,269	\$ 8,755	\$ 14,461
Dog	287	96	187	196
Township Assistance	1,653	1,714	347	3,020
Firefighting	9,633	3,096	3,300	9,429
Park and Recreation	6,323	695	1,952	5,066
Totals	<u>\$ 33,843</u>	<u>\$ 12,870</u>	<u>\$ 14,541</u>	<u>\$ 32,172</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 14,461	\$ 1,807	\$ 9,133	\$ 7,135
Dog	196	-	176	20
Township Assistance	3,020	987	1,214	2,793
Firefighting	9,429	2,175	-	11,604
Park and Recreation	5,066	730	1,200	4,596
Totals	<u>\$ 32,172</u>	<u>\$ 5,699</u>	<u>\$ 11,723</u>	<u>\$ 26,148</u>

The accompanying notes are an integral part of the schedules.

LIBERTY TOWNSHIP, PARKE 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. However, due to property tax reassessment, the installments due in 2004 were due June 18 and November 10.

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, PARKE COUNTY
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

Minutes of meetings of the Township Board were not available for audit.

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 IC 5-1.5-2-2.5 or IC 20-12-63-7.

ANNUAL REPORT

An annual report for 2004 was not presented for audit.

Indiana Code 5-11-1-4(a) concerning annual reports, states in part: ". . . these reports shall be prepared, verified, and filed with the state examiner within thirty (30) days after the close of each fiscal year."

CERTIFIED REPORT OF COMPENSATION NOT FILED

The Township did not file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) with the State Board of Accounts for the years 2004 or 2005.

Indiana Code 5-11-13-1 states in part: "Every township . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . 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."

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for audit or were incorrect. A list of outstanding checks was not presented.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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

DEPOSIT OF PUBLIC FUNDS

We noted four instances where county distribution checks were never cashed and remain outstanding eight months after the examination period ending date. The value of the outstanding checks is \$6,650.85. The Schedule of the Receipts, Disbursements and Balances does not reflect these receipts.

Indiana Code 5-13-6-1(c) states in part: "The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month."

TRANSACTION RECORDING

Receipts for dog licenses in 2005 were not entered in the records of Liberty Township.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DISBURSEMENT DOCUMENTATION

Six of the disbursements examined did not have invoices supporting the payments. Five of the disbursements examined did not have the returned check in the files. Three of the township assistance payments examined did not have properly prepared applications on file.

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)

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	\$ 8,755
Township Assistance	2004	347
Fire Fighting	2004	3,300
Parks and Recreation	2004	1,952
General	2005	1,133

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."

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

CONTRACTS

Records presented for audit indicate payments were made to Jim Gilbert for mowing in 2004 and 2005 without a contract.

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Trustee did not comply with directives of the Internal Revenue Service. Withholdings were not made from wages; Wage and Tax Statements (Form W-2) were not issued; and the Employer's Quarterly Federal Tax Report (Form 941) was not prepared.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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)

MILEAGE REIMBURSEMENT

The Trustee was reimbursed for mileage without documenting date and distance traveled on Mileage Claim, General Form 101.

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)

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

COMPENSATION AND BENEFITS

Twilla Gilbert, Trustee, received \$800 in payments for the year ending December 31, 2005, which were not included in the budgeted payroll.

Twilla Gilbert, Trustee, was requested to reimburse the \$800 to Liberty Township. (See Summary, page 11)

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)

LIBERTY TOWNSHIP, PARKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 11, 2006, with Twilla Gilbert, Trustee. The official concurred with our findings.

LIBERTY TOWNSHIP, PARKE COUNTY
SUMMARY

	Charges	Credits	Balance Due
Twilla Gilbert, Trustee:			
Compensation and Benefits for year ending			
December 31, 2005, page 9	\$ 800	\$	\$
Paid by Twilla Gilbert October 20, 2006,			
Receipt 1520003		800	-
 Totals	\$ 800	\$ 800	\$ -