

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

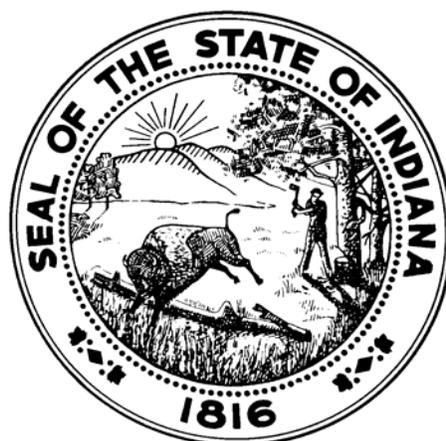
EXAMINATION REPORT

OF

LIBERTY TOWNSHIP

WARREN COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED

09/24/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information.....	5
Examination Results and Comments:	
Bank Account Reconciliations	6
Deposit of Public Funds.....	6
Disbursement Documentation	6
Federal and State Agencies – Compliance Requirements.....	6-7
Firefighting Equipment Purchase.....	7
Township Assistance Disbursements	7-8
Exit Conference.....	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	John Swanson	01-01-03 to 12-31-10
Chairman of the Township Board	John Haddock	01-01-05 to 12-31-05
	Kenneth Ehleh	01-01-06 to 12-31-06
	John Haddock	01-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Liberty Township (Township), for the period of January 1, 2005 to December 31, 2006. The Township's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the Township for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 25, 2007

LIBERTY TOWNSHIP, WARREN COUNTY
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL FUND TYPES
 As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 28,616	\$ 15,163	\$ 12,830	\$ 30,949
Township Assistance	13,011	5,495	6,120	12,386
Firefighting	27,072	5,621	7,500	25,193
Dog	419	117	168	368
Totals	<u>\$ 69,118</u>	<u>\$ 26,396</u>	<u>\$ 26,618</u>	<u>\$ 68,896</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 30,949	\$ 18,976	\$ 13,713	\$ 36,212
Township Assistance	12,386	6,493	6,528	12,351
Firefighting	25,193	7,983	6,500	26,676
Dog	368	159	68	459
Totals	<u>\$ 68,896</u>	<u>\$ 33,611</u>	<u>\$ 26,809</u>	<u>\$ 75,698</u>

The accompanying notes are an integral part of the financial information.

LIBERTY TOWNSHIP, WARREN COUNTY
NOTES TO FINANCIAL INFORMATION

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, 2006 taxes became delinquent if not paid by June 2 and November 10, 2006.

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, WARREN COUNTY
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination.

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)

DEPOSIT OF PUBLIC FUNDS

Three of eleven county distributions were deposited subsequent to the first or the fifteenth of the month.

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."

DISBURSEMENT DOCUMENTATION

Eight payments were observed which did not contain supporting documentation such as receipts or 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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Liberty Township did not comply with directives of the Internal Revenue Service or the Indiana Department of Revenue. The Trustee did not withhold taxes from employees, remit withholdings, issue W2s or 1099s, or file withholding reports to withholding authorities.

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)

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

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)

FIREFIGHTING EQUIPMENT PURCHASE

The Township has contributed monies towards the purchase of a fire truck; however, the title is not in the Township's name.

Any two or more townships desiring to unite in the purchase, housing, care, maintenance, operation and use of firefighting equipment may purchase such equipment by executing conditional sales or mortgage contracts, notes, or bonds. The two or more townships may jointly employ firemen to fight fires and operate the equipment. The title to equipment purchased jointly shall vest and remain in the respective townships in proportion to their respective contributions toward purchase. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 9)

TOWNSHIP ASSISTANCE DISBURSEMENTS

Fifteen Township Assistance disbursements were not accompanied by a current Township Assistance Application (Township Assistance Form TA-1) or an application for additional or continuing Township Assistance (Township Assistance Form TA-1B). Ten Township Assistance disbursements were not accompanied by a detailed invoice, receipt, or account of services or items provided. One medical disbursement was made for an item that was not allowed. Continuous food assistance was granted without verification the recipient has applied for food stamps.

The Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6 states in part:

Application for Township Assistance is to be completed by each person who applies for township assistance. The trustee shall not extend aid to persons or families unless an affidavit setting forth the personal condition of the family has been filed within one hundred eighty (180) days prior to the date of the extension of aid. Application for Additional or Continuing Township Assistance should be completed for additional or continuing township assistance.

Whenever the administrator of township assistance of any township grants township assistance aid to any indigent person, or to any other person or agency on a township assistance order as provided by law or obligates the township for any item properly payable from township assistance

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

funds, the claim against such township, itemized and sworn to as provided by law, and accompanied by the original township assistance order, duly itemized and signed shall be checked with the records of the administrator of township assistance, audited, and certified to, as required by law by the trustee. Payment of all claims should be directly to a vendor and should never be to a township assistance applicant.

The trustee may not provide food assistance for more than thirty (30) days unless the individual files an application with the trustee that includes: (1) evidence of application for food stamps from the division of family and children; and (2) the amount of assistance received or the reason for denial of assistance.

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, WARREN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 25, 2007, with John Swanson, Trustee. The official concurred with our findings.