

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

EXAMINATION REPORT

OF

LIBERTY TOWNSHIP

GRANT COUNTY, INDIANA

January 1, 2006 to December 31, 2007



**FILED**

11/17/2008



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OFFICIALS

Office

Official

Term

Trustee

Karen Comer

01-01-03 to 12-31-10

Chairman of the  
Township Board

Merril Gough  
Mark A. Hasty

01-01-06 to 12-31-06  
01-01-07 to 12-31-08



**STATE OF INDIANA**  
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Liberty Township (Township), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

October 2, 2008

LIBERTY TOWNSHIP, GRANT COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 16,812	\$ 6,486	\$ 12,083	\$ 11,215
Dog	410	86	112	384
Township Assistance	13,128	10,120	6,579	16,669
Firefighting	43,098	18,960	13,053	49,005
Fiduciary Fund:				
Payroll Withholdings	76	291	294	73
Totals	<u>\$ 73,524</u>	<u>\$ 35,943</u>	<u>\$ 32,121</u>	<u>\$ 77,346</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 11,215	\$ 12,425	\$ 11,440	\$ 12,200
Dog	384	-	384	-
Township Assistance	16,669	8,527	8,372	16,824
Firefighting	49,005	27,986	13,359	63,632
Fiduciary Fund:				
Payroll Withholdings	73	291	291	73
Totals	<u>\$ 77,346</u>	<u>\$ 49,229</u>	<u>\$ 33,846</u>	<u>\$ 92,729</u>

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

LIBERTY TOWNSHIP, GRANT 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, 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, GRANT COUNTY  
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted. Similar comments appeared in prior Report B28184.

- (1) Depository reconciliations of the fund balances to the bank account balances were incorrect. The outstanding check lists provided for examination were not inclusive of all outstanding checks.

Indiana Code 5-13-6-1(e) states in part: "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)

- (2) Posting errors included the following:
  - (a) The January 1, 2007, fund balances posted to the ledger did not agree with the December 31, 2006, fund balances.
  - (b) Interest earned on a certificate of deposit purchased from the Firefighting Fund was posted to the General Fund.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

- (3) The Indiana Department of Local Government Finance directed the Township to establish a Levy Excess Fund, during 2006, in the amount of \$1,007. The Trustee established the fund by posting a receipt to the fund without posting any corresponding disbursements from other funds. The Levy Excess Fund was removed from the ledger, in 2007, without showing any further activity and was no longer reported.

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)

- (4) Fund balances, and receipt and disbursement totals, reported on the 2006 and 2007 Annual Financial Reports (Township Form 15) did not agree with the Township Financial and Appropriations Ledger.

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, GRANT COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

EVIDENCE OF INVESTIGATION – TOWNSHIP ASSISTANCE

A review of Township assistance applications disclosed minimal evidence of investigation as to the actual need of the applicant. Applications reviewed did not include sufficient information to determine eligibility, from such factors as employment history, other sources of assistance and household expense information.

The township trustee shall carefully investigate the circumstances of the applicant and each member of the applicant's household to ascertain their legal residence, their physical condition relating to sickness or health, their present and previous occupation, their names and ages, the ability and capacity for labor of all members of the household, and the cause of the applicant's or household members condition if the applicant's household member is found to be in distress and the cause can be ascertained, whether an applicant or member of the applicant's household is entitled to income in the immediate future from any source including past or present employment, pending claims that may result in monetary award, or pending determination for assistance from any other federal or state governmental entity. (Form TA-1) The trustee shall ascertain, as far as possible, whether such persons have relatives able and willing to assist them. Indiana Code 12-20-6-9 (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

ADDITIONAL OR CONTINUING TOWNSHIP ASSISTANCE

Two individuals received extensive township assistance during the examination period. One individual received Township assistance 49 times totaling \$2,488. Another individual received Township assistance 24 times totaling \$2,910. There was no evidence that the Application for Additional or Continuing Township Assistance (Form TA-1B) was completed to determine if the individuals qualified for additional or continuing Township assistance.

Application for Additional or Continuing Township Assistance should be completed for additional or continuing township assistance. The township trustee may not extend additional or continuing aid to an individual or a household unless the individual or household files an affidavit with the request for assistance affirming how, if at all, the personal condition of the individual or the household has changed from that set forth in the individual's or household's most recent application. Indiana Code 12-20-6-5 (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

INVESTMENT MATURITY LIMITATIONS

The Township purchased a certificate of deposit with a stated maturity of 35 months. A similar comment appeared in prior Report 28184.

Indiana Code 5-13-9-5.6 states in part: ". . . investments made under this chapter must have a stated final maturity of not more than . . . two (2) years . . . after the date of purchase or entry into a repurchase agreement.

LIBERTY TOWNSHIP, GRANT COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 2, 2008, with Karen Comer, Trustee. The official concurred with our findings.