

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

EXAMINATION REPORT
OF
LIBERTY TOWNSHIP
HENRY COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
05/05/2010

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OFFICIALS

Office

Official

Term

Trustee

Patricia Patrick
Phyllis Shafer

01-01-07 to 08-30-07
08-31-07 to 12-31-10

Chairman of the
Township Board

Bill Bowman
Richard Moore

01-01-07 to 12-31-08
01-01-09 to 12-31-10



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Liberty Township (Township), for the period of January 1, 2007 to December 31, 2009. 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, 2007, 2008, and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

April 6, 2010

LIBERTY TOWNSHIP, HENRY COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 22,114	\$ 16,752	\$ 17,616	\$ 21,250
Dog	551	-	-	551
Township Assistance	19,272	-	1,366	17,906
Firefighting	30,449	23,165	36,000	17,614
Park and Recreation	2,226	1,055	-	3,281
Rainy Day	-	1,212	-	1,212
Wilbur Wright Birthplace	1,382	-	-	1,382
Levy Excess	643	-	-	643
Totals	<u>\$ 76,637</u>	<u>\$ 42,184</u>	<u>\$ 54,982</u>	<u>\$ 63,839</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 21,250	\$ 18,615	\$ 18,457	\$ 21,408
Dog	551	-	-	551
Township Assistance	17,906	-	2,080	15,826
Firefighting	17,614	24,446	25,000	17,060
Park and Recreation	3,281	1,077	-	4,358
Rainy Day	1,212	2,775	-	3,987
Wilbur Wright Birthplace	1,382	-	1,382	-
Levy Excess	643	-	-	643
Totals	<u>\$ 63,839</u>	<u>\$ 46,913</u>	<u>\$ 46,919</u>	<u>\$ 63,833</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 21,408	\$ 19,816	\$ 17,930	\$ 23,294
Dog	551	-	-	551
Township Assistance	15,826	-	2,372	13,454
Firefighting	17,060	25,583	40,734	1,909
Park and Recreation	4,358	-	120	4,238
Rainy Day	3,987	2,200	-	6,187
Levy Excess	643	-	-	643
Totals	<u>\$ 63,833</u>	<u>\$ 47,599</u>	<u>\$ 61,156</u>	<u>\$ 50,276</u>

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

LIBERTY TOWNSHIP, HENRY 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. 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, HENRY COUNTY
EXAMINATION RESULTS AND COMMENTS

CERTIFIED REPORT NOT FILED

Liberty 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 year 2009.

IC 5-11-13-1 states in part:

"Every state, county, city, town, township, or school official . . . 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 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."

OFFICIAL BOND

An official bond for Phyllis Shafer, Trustee, for the period August 15, 2007 to October 1, 2008, was not presented for examination. The official bond for Phyllis Shafer, Trustee, for the period October 1, 2008 to October 1, 2009, in the amount of \$15,000 was not on file in the office of the County Recorder. The official bond for Phyllis Shafer, Trustee, for the period October 1, 2009 to October 1, 2010, was in the amount of \$15,000.

Effective July 1, 2009, IC 5-4-1-18 states in part:

"(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of . . . township trustees . . . as follows:

- (1) The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee. . . ."

IC 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

The State Board of Accounts is of the audit position continuation certificates or renewals should not be used in lieu of obtaining the required annual bond coverage. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CONDITION OF RECORDS AND BANK ACCOUNT RECONCILIATIONS

Record balances were not properly reconciled to the depository balances.

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

LIBERTY TOWNSHIP, HENRY COUNTY
EXAMINATION RESULTS AND COMMENTS

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)

IC 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."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Liberty Township did not file Internal Revenue Service Form W-2 Wage and Tax Statement for Township employees for the years 2008 and 2009. We could not determine that the proper amounts of payroll withholdings were withheld by the Township and remitted by the Township on behalf of Township employees for the years 2008 and 2009.

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)

PRESCRIBED FORMS

The Township was not using Form 350, Register of Investments. A similar comment was discussed in prior Reports B28027 and B31615.

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, HENRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 6, 2010, with Phyllis Shafer, Trustee. The official concurred with our findings.