

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

LIBERTY TOWNSHIP

WELLS COUNTY, INDIANA

January 1, 2012 to December 31, 2015



FILED
07/29/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Diane Rockwell Trenton Markley	01-01-11 to 07-31-15 08-01-15 to 12-31-18
Chairman of the Township Board	Richard Borrer	01-01-12 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of Liberty Township (Township), for the period of January 1, 2012 to December 31, 2015. The financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statements 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Township for the period of January 1, 2012 to December 31, 2015.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Township for the period of January 1, 2012 to December 31, 2015, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Township's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

May 11, 2016

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FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were approved by management of the Township. The financial statements and notes are presented as intended by the Township.

LIBERTY TOWNSHIP, WELLS COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2012 and 2013

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
Township	\$ 18,014	\$ 16,453	\$ 13,370	\$ 21,097	\$ 12,501	\$ 9,798	\$ 23,800
Township Assistance	13,853	9,437	2,366	20,924	6,031	3,835	23,120
Fire Fighting	51,757	43,485	22,559	72,683	43,646	24,318	92,011
Levy Excess	-	751	-	751	-	750	1
Cumulative Fire	3,657	15,350	13,120	5,887	9,215	11,355	3,747
Totals	<u>\$ 87,281</u>	<u>\$ 85,476</u>	<u>\$ 51,415</u>	<u>\$ 121,342</u>	<u>\$ 71,393</u>	<u>\$ 50,056</u>	<u>\$ 142,679</u>

The notes to the financial statements are an integral part of this statement.

LIBERTY TOWNSHIP, WELLS COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2014 and 2015

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14	Receipts	Disbursements	Cash and Investments 12-31-15
Township	\$ 23,800	\$ 13,206	\$ 13,001	\$ 24,005	\$ 15,688	\$ 13,913	\$ 25,780
Township Assistance	23,120	5,858	8,725	20,253	5,198	2,464	22,987
Fire Fighting	92,011	38,673	31,554	99,130	38,484	39,907	97,707
Levy Excess	1	-	1	-	-	-	-
Debt Service	-	-	-	-	53,329	32,826	20,503
Construction	-	470,000	440,757	29,243	6,775	23,536	12,482
Cumulative Fire	3,747	9,094	381	12,460	10,294	9,510	13,244
Totals	<u>\$ 142,679</u>	<u>\$ 536,831</u>	<u>\$ 494,419</u>	<u>\$ 185,091</u>	<u>\$ 129,768</u>	<u>\$ 122,156</u>	<u>\$ 192,703</u>

The notes to the financial statements are an integral part of this statement.

LIBERTY TOWNSHIP, WELLS COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Township was established under the laws of the State of Indiana. The Township operates under a township trustee/township board form of government and provides some or all of the following services: public safety (fire), health and social services (township assistance), culture and recreation (parks and/or community centers), and general administrative services (weed and dog control).

The accompanying financial statements present the financial information for the Township.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Taxes, which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Township.

Intergovernmental receipts, which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of these types of receipts include, but are not limited to the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

LIBERTY TOWNSHIP, WELLS COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Other receipts, which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services, which include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies, which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges, which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay, which includes all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements, which include, but are not limited to the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Township may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Township. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Township. The money accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the Township in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

LIBERTY TOWNSHIP, WELLS COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Township submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Township in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be 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 statutes authorize 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.

Note 5. Risk Management

The Township may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the Township to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

OTHER INFORMATION - UNEXAMINED

The Township's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Township which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The other information presented was approved by management of the Township. It is presented as intended by the Township.

LIBERTY TOWNSHIP, WELLS COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2012

	Township	Township Assistance	Fire Fighting	Levy Excess	Cumulative Fire	Totals
Cash and investments - beginning	\$ 18,014	\$ 13,853	\$ 51,757	\$ -	\$ 3,657	\$ 87,281
Receipts:						
Taxes	9,641	9,345	24,027	-	12,962	55,975
Intergovernmental	6,647	92	19,458	-	48	26,245
Other receipts	165	-	-	751	2,340	3,256
Total receipts	<u>16,453</u>	<u>9,437</u>	<u>43,485</u>	<u>751</u>	<u>15,350</u>	<u>85,476</u>
Disbursements:						
Personal services	6,650	-	-	-	-	6,650
Supplies	397	-	6,153	-	13,120	19,670
Other services and charges	-	2,366	16,406	-	-	18,772
Other disbursements	6,323	-	-	-	-	6,323
Total disbursements	<u>13,370</u>	<u>2,366</u>	<u>22,559</u>	<u>-</u>	<u>13,120</u>	<u>51,415</u>
Excess of receipts over disbursements	<u>3,083</u>	<u>7,071</u>	<u>20,926</u>	<u>751</u>	<u>2,230</u>	<u>34,061</u>
Cash and investments - ending	<u>\$ 21,097</u>	<u>\$ 20,924</u>	<u>\$ 72,683</u>	<u>\$ 751</u>	<u>\$ 5,887</u>	<u>\$ 121,342</u>

LIBERTY TOWNSHIP, WELLS COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	<u>Township</u>	<u>Township Assistance</u>	<u>Fire Fighting</u>	<u>Levy Excess</u>	<u>Cumulative Fire</u>	<u>Totals</u>
Cash and investments - beginning	\$ 21,097	\$ 20,924	\$ 72,683	\$ 751	\$ 5,887	\$ 121,342
Receipts:						
Taxes	5,666	5,944	16,912	-	9,167	37,689
Intergovernmental	6,024	87	17,484	-	48	23,643
Other receipts	811	-	9,250	-	-	10,061
Total receipts	<u>12,501</u>	<u>6,031</u>	<u>43,646</u>	<u>-</u>	<u>9,215</u>	<u>71,393</u>
Disbursements:						
Personal services	6,649	-	-	-	-	6,649
Supplies	1,165	-	8,765	-	-	9,930
Other services and charges	1,984	3,835	15,553	-	-	21,372
Capital outlay	-	-	-	-	11,355	11,355
Other disbursements	-	-	-	750	-	750
Total disbursements	<u>9,798</u>	<u>3,835</u>	<u>24,318</u>	<u>750</u>	<u>11,355</u>	<u>50,056</u>
Excess (deficiency) of receipts over disbursements	<u>2,703</u>	<u>2,196</u>	<u>19,328</u>	<u>(750)</u>	<u>(2,140)</u>	<u>21,337</u>
Cash and investments - ending	<u>\$ 23,800</u>	<u>\$ 23,120</u>	<u>\$ 92,011</u>	<u>\$ 1</u>	<u>\$ 3,747</u>	<u>\$ 142,679</u>

LIBERTY TOWNSHIP, WELLS COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	Township	Township Assistance	Fire Fighting	Levy Excess	Construction	Cumulative Fire	Totals
Cash and investments - beginning	\$ 23,800	\$ 23,120	\$ 92,011	\$ 1	\$ -	\$ 3,747	\$ 142,679
Receipts:							
Taxes	5,986	5,779	16,265	-	-	9,049	37,079
Intergovernmental	7,149	79	21,869	-	-	45	29,142
Other receipts	71	-	539	-	470,000	-	470,610
Total receipts	<u>13,206</u>	<u>5,858</u>	<u>38,673</u>	<u>-</u>	<u>470,000</u>	<u>9,094</u>	<u>536,831</u>
Disbursements:							
Personal services	9,312	-	-	-	-	-	9,312
Supplies	976	-	15,378	-	-	-	16,354
Other services and charges	2,138	8,725	16,176	-	-	75	27,114
Capital outlay	-	-	-	1	440,715	306	441,022
Other disbursements	575	-	-	-	42	-	617
Total disbursements	<u>13,001</u>	<u>8,725</u>	<u>31,554</u>	<u>1</u>	<u>440,757</u>	<u>381</u>	<u>494,419</u>
Excess (deficiency) of receipts over disbursements	<u>205</u>	<u>(2,867)</u>	<u>7,119</u>	<u>(1)</u>	<u>29,243</u>	<u>8,713</u>	<u>42,412</u>
Cash and investments - ending	<u>\$ 24,005</u>	<u>\$ 20,253</u>	<u>\$ 99,130</u>	<u>\$ -</u>	<u>\$ 29,243</u>	<u>\$ 12,460</u>	<u>\$ 185,091</u>

LIBERTY TOWNSHIP, WELLS COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

	Township	Township Assistance	Fire Fighting	Debt Service	Construction	Cumulative Fire	Totals
Cash and investments - beginning	\$ 24,005	\$ 20,253	\$ 99,130	\$ -	\$ 29,243	\$ 12,460	\$ 185,091
Receipts:							
Taxes	7,712	5,181	17,483	53,152	-	10,243	93,771
Intergovernmental	7,319	17	20,642	177	-	51	28,206
Other receipts	657	-	359	-	6,775	-	7,791
Total receipts	<u>15,688</u>	<u>5,198</u>	<u>38,484</u>	<u>53,329</u>	<u>6,775</u>	<u>10,294</u>	<u>129,768</u>
Disbursements:							
Personal services	7,857	-	-	-	-	-	7,857
Supplies	3,347	-	21,163	-	-	9,510	34,020
Other services and charges	2,709	2,464	18,744	-	-	-	23,917
Capital outlay	-	-	-	32,826	23,536	-	56,362
Total disbursements	<u>13,913</u>	<u>2,464</u>	<u>39,907</u>	<u>32,826</u>	<u>23,536</u>	<u>9,510</u>	<u>122,156</u>
Excess (deficiency) of receipts over disbursements	<u>1,775</u>	<u>2,734</u>	<u>(1,423)</u>	<u>20,503</u>	<u>(16,761)</u>	<u>784</u>	<u>7,612</u>
Cash and investments - ending	<u>\$ 25,780</u>	<u>\$ 22,987</u>	<u>\$ 97,707</u>	<u>\$ 20,503</u>	<u>\$ 12,482</u>	<u>\$ 13,244</u>	<u>\$ 192,703</u>

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LIBERTY TOWNSHIP, WELLS COUNTY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2015

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities: Notes and loans payable	Building Loan	\$ 445,000	\$ 64,645
Totals		<u>\$ 445,000</u>	<u>\$ 64,645</u>

OTHER REPORTS

In addition to this report, other reports may have been issued for the Township. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.