

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

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



FILED
09/28/2006

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OFFICIALS

Office

Official

Term

Trustee

Karen Comer

01-01-03 to 12-31-06

Chairman of the
Township Board

Mark Hasty
Duane Davis
Merrill Gough

01-01-04 to 12-31-04
01-01-05 to 12-31-05
01-01-06 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF LIBERTY TOWNSHIP, GRANT 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 6, 2006

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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 28,795	\$ 3,358	\$ 8,161	\$ 23,992
Dog	400	81	100	381
Township Assistance	5,697	10,537	11,649	4,585
Firefighting	30,163	12,180	10,727	31,616
Fiduciary Fund:				
Payroll Withholdings	76	291	291	76
Totals	<u>\$ 65,131</u>	<u>\$ 26,447</u>	<u>\$ 30,928</u>	<u>\$ 60,650</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 23,992	\$ 5,008	\$ 12,188	\$ 16,812
Dog	381	112	83	410
Township Assistance	4,585	14,034	5,491	13,128
Firefighting	31,616	24,251	12,769	43,098
Fiduciary Fund:				
Payroll Withholdings	76	291	291	76
Totals	<u>\$ 60,650</u>	<u>\$ 43,696</u>	<u>\$ 30,822</u>	<u>\$ 73,524</u>

The accompanying notes are an integral part of the schedules.

LIBERTY TOWNSHIP, GRANT 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, 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.

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

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect. This comment also appeared in prior Audit Report B23471.

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)

ANNUAL REPORT

The 2005 annual report presented for audit did not agree with the Township Financial and Appropriations Ledger. This comment also appeared in prior Audit Report B23471.

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Township did not issue Form 1099 for office rent and cemetery mowing. A similar comment also appeared in prior Audit Report B23471.

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)

INVESTMENT MATURITY LIMITATIONS

The Township held a certificate of deposit which had a stated maturity of 60 months (five years).

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 . . . (3) 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 September 6, 2006, with Karen Comer, Trustee. The official concurred with our findings.