

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

EXAMINATION REPORT
OF
TOWN OF LIBERTY
UNION COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
12/27/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cheryl Begley	01-01-04 to 12-31-07
President of the Town Council	Rodney West Chris Rosenberger	01-01-04 to 07-31-05 08-01-05 to 12-31-06
Superintendent of Water Utility	Fielding Tipton	01-01-04 to 12-31-06
Superintendent of Wastewater Utility	David Woeste	01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF LIBERTY, UNION COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Liberty (Town), for the period of January 1, 2004 to December 31, 2005. The Town'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 Town 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.

Our examination was conducted for the purpose of forming an opinion on the schedules referred to above. The Schedule of Capital Assets and Schedule of Long-Term Debt are presented for additional analysis and have not been subjected to the procedures applied by us in the examination of the schedules referred to above and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

November 20, 2006

TOWN OF LIBERTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY 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	\$ 514,503	\$ 669,759	\$ 713,191	\$ 471,071
Motor Vehicle Highway	195,582	170,062	216,993	148,651
Local Road and Street	33,656	7,954	14,000	27,610
Law Enforcement Continuing Education	5,683	1,128	2,198	4,613
Economic Development Income Tax	186,534	56,766	1,200	242,100
Compost Fund	1,000	-	1,000	-
Dare Grant	416	-	416	-
DOC Grant	-	18,000	18,000	-
Local Law Enforcement Block Grant	10,000	-	10,000	-
Riverboat	13,032	12,996	-	26,028
Rainy Day	-	36,533	-	36,533
Donation	-	100	100	-
Cumulative Capital Improvement	55,616	7,692	30,000	33,308
Cumulative Capital Development	149,924	17,284	7,910	159,298
Cumulative Fire Fighting Equipment	37,743	12,289	-	50,032
Proprietary Funds:				
Water Utility - Operating	104,067	308,589	334,079	78,577
Water Utility - Bond and Interest	19,531	91,440	82,945	28,026
Water Utility - Depreciation	118,616	39,908	6,848	151,676
Water Utility - Customer Deposit	74,715	13,478	9,746	78,447
Water Utility - Cash Reserve	71,914	19,177	-	91,091
Wastewater Utility - Operating	58,794	248,343	284,559	22,578
Wastewater Utility - Depreciation	78,213	21,895	17,091	83,017
Fiduciary Funds:				
Township Fire	73,829	75,895	39,108	110,616
Payroll	12	538,104	538,116	-
Totals	<u>\$ 1,803,380</u>	<u>\$ 2,367,392</u>	<u>\$ 2,327,500</u>	<u>\$ 1,843,272</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 471,071	\$ 625,727	\$ 679,834	\$ 416,964
Motor Vehicle Highway	148,651	214,760	202,047	161,364
Local Road and Street	27,610	7,882	14,000	21,492
Law Enforcement Continuing Education	4,613	635	117	5,131
Economic Development Income Tax	242,100	42,718	800	284,018
DOC Grant	-	12,000	12,000	-
Riverboat	26,028	-	-	26,028
Rainy Day	36,533	-	-	36,533
Donation	-	250	150	100
Cumulative Capital Improvement	33,308	6,371	30,000	9,679
Cumulative Capital Development	159,298	17,694	903	176,089
Cumulative Fire Fighting Equipment	50,032	12,761	-	62,793
Proprietary Funds:				
Water Utility - Operating	78,577	332,366	337,257	73,686
Water Utility - Bond and Interest	28,026	91,440	70,996	48,470
Water Utility - Depreciation	151,676	42,835	523	193,988
Water Utility - Customer Deposit	78,447	16,589	7,545	87,491
Water Utility - Cash Reserve	91,091	3,909	-	95,000
Wastewater Utility - Operating	22,578	366,561	288,538	100,601
Wastewater Utility - Depreciation	83,017	17,533	37,495	63,055
Fiduciary Funds:				
Township Fire	110,616	57,623	45,103	123,136
Payroll	-	556,766	556,721	45
Totals	<u>\$ 1,843,272</u>	<u>\$ 2,426,420</u>	<u>\$ 2,284,029</u>	<u>\$ 1,985,663</u>

The accompanying notes are an integral part of the schedules.

TOWN OF LIBERTY
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety (police and fire), highways and streets, public improvements, planning and zoning, general administrative services, water and wastewater utilities, and urban redevelopment.

Note 2. Fund Accounting

The Town 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 or highway use taxes are received 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 Town 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 Town 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.

TOWN OF LIBERTY
NOTES TO SCHEDULES
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Long-Term Debt

The Town has entered into revenue bonds for Water Utility improvements. The outstanding principal at December 31, 2005, was \$864,000.

Note 8. Subsequent Event

A wastewater treatment plant project was started in 2006. The project will be funded from Bond Anticipation Notes of \$425,000 and a \$5,000,000 State Revolving Fund Loan.

CORPORATION OF LIBERTY
P.O. BOX 7 LIBERTY, IN 47353
765-458-5823
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GERALD PAUL

ROSS KEASLING
JERRY PETRO
MIKE DOUGLASS, ATTORNEY

TOWN OF LIBERTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2005

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 5,000
Buildings	160,338
Improvements other than buildings	286,303
Machinery and equipment	<u>931,417</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,383,058</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 20,241
Buildings	165,388
Improvements other than buildings	2,740,475
Machinery and equipment	<u>104,542</u>
 Total Water Utility capital assets	 <u>3,030,646</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	71,666
Buildings	908,343
Improvements other than buildings	509,758
Machinery and equipment	<u>140,695</u>
 Total Wastewater Utility capital assets	 <u>1,630,462</u>
 Total business-type activities capital assets	 <u>\$ 4,661,108</u>

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**TOWN OF LIBERTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT**

For The Year Ended December 31, 2005

	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
Water Improvement	\$ <u>864,000</u>	\$ <u>47,000</u>

TOWN OF LIBERTY
EXIT CONFERENCE

The contents of this report were discussed on November 20, 2006, with Cheryl Begley, Clerk-Treasurer; and Chris Rosenberger, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.