

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, 2006 to December 31, 2006



FILED
12/27/2007

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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	Chris Rosenberger	01-01-06 to 12-31-07
Superintendent of Water Utility	Fielding Tipton	01-01-06 to 12-31-07
Superintendent of Wastewater Utility	David Woeste	01-01-06 to 12-31-07



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 financial information presented herein of the Town of Liberty (Town), for the period of January 1, 2006 to December 31, 2006. The Town'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 Town for the year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 10, 2007

TOWN OF LIBERTY
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 416,963	\$ 741,745	\$ 784,286	\$ 374,422
Motor Vehicle Highway	161,364	228,654	249,022	140,996
Local Road and Street	21,492	7,587	14,000	15,079
Law Enforcement Continuing Education	5,131	933	1,913	4,151
Economic Development Income Tax	284,018	55,625	-	339,643
Riverboat	26,029	25,965	-	51,994
Rainy Day	36,533	-	-	36,533
Donation	100	4,234	-	4,334
Cumulative Capital Improvement	9,679	7,363	10,000	7,042
Cumulative Capital Development	176,089	19,575	1,208	194,456
Cumulative Building and Fire Fighting Equipment	62,793	15,332	626	77,499
Proprietary Funds:				
Water Utility - Operating	73,686	333,663	362,984	44,365
Water Utility - Bond and Interest	48,470	83,820	72,056	60,234
Water Utility - Depreciation	193,988	144,699	120,623	218,064
Water Utility - Customer Deposit	87,492	65,372	58,682	94,182
Water Utility - Debt Reserve	95,000	-	-	95,000
Wastewater Utility - Operating	100,601	405,235	352,684	153,152
Wastewater Utility - Bond and Interest	-	12,610	12,610	-
Wastewater Utility - Depreciation	63,055	69,634	72,662	60,027
Wastewater Utility - Construction	-	779,835	779,835	-
Wastewater Utility - Debt Reserve	-	7,500	7,500	-
Fiduciary Funds:				
Payroll	45	584,380	583,398	1,027
Township Fire	123,136	187,100	263,920	46,316
Excess Levy	-	31,197	-	31,197
Totals	<u>\$ 1,985,664</u>	<u>\$ 3,812,058</u>	<u>\$ 3,748,009</u>	<u>\$ 2,049,713</u>

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

TOWN OF LIBERTY
NOTES TO FINANCIAL INFORMATION

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, wastewater and economic development.

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. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town 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 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 FINANCIAL INFORMATION
(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. Subsequent Event

The Wastewater Utility is in the process of building a new wastewater treatment plant. The project began in 2006 and is estimated to be completed in June of 2008. The project is being funded with the issuance of bonds in the amount of \$5,600,000, issued on November 27, 2006. The bonds were sold through the Indiana State Revolving Loan Program.

TOWN OF LIBERTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

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.

General infrastructure assets completed in the current year have been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 5,000
Infrastructure	152,634
Buildings	183,581
Improvements other than buildings	286,061
Machinery and equipment	<u>958,696</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 1,585,972</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	2,749,183
Machinery and equipment	<u>126,501</u>
Total Water Utility capital assets	<u>3,061,313</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	71,666
Construction in progress	383,128
Buildings	908,893
Improvements other than buildings	509,758
Machinery and equipment	<u>150,440</u>
Total Wastewater Utility capital assets	<u>2,023,885</u>
Total business-type activities capital assets	<u>\$ 5,085,198</u>

TOWN OF LIBERTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2006

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Water Utility		
Revenue bonds:		
Water Improvement	817,000	71,693
Wastewater Utility		
Revenue bonds:		
Wastewater Treatment Plant	5,600,000	162,416
Total business-type activities debt:	<u>\$ 6,417,000</u>	<u>\$ 234,109</u>

TOWN OF LIBERTY
EXIT CONFERENCE

The contents of this report were discussed on October 10, 2007, 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.