

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

LIBERTY TOWNSHIP

GRANT COUNTY, INDIANA

January 1, 2016 to December 31, 2019



**FILED**

11/05/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Susan R. Althouse	01-01-16 to 12-31-18
	Randy M. Ramberger	01-01-19 to 01-09-20
	Gregory B. Thompson	01-10-20 to 12-31-20
Chair of the Township Board	Patricia P. Stinger	01-01-16 to 12-31-18
	Sherry G. French	01-01-19 to 12-31-20



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of Liberty Township (Township), for the period of January 1, 2016 to December 31, 2019. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Township's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory 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. This includes determining that the basis of accounting the Township uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements whether due to fraud or error.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.


INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
(Continued)

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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. Our conclusion is not modified with respect to this matter.

  
Paul D. Joyce, CPA  
State Examiner

October 7, 2020

## 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, GRANT COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2016 and 2017

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16	Receipts	Disbursements	Cash and Investments 12-31-17
Township	\$ 17,210	\$ 5,847	\$ 15,528	\$ 7,529	\$ 10,771	\$ 14,977	\$ 3,323
Township Assistance	(1,700)	12,656	5,988	4,968	9,691	4,634	10,025
Fire Fighting	126,971	24,123	15,707	135,387	24,653	41,890	118,150
Rainy Day	1,600	3,030	-	4,630	4,650	1,700	7,580
Levy Excess	265	-	265	-	-	-	-
Payroll Withholdings	(152)	2,256	1,738	366	1,590	2,070	(114)
Totals	<u>\$ 144,194</u>	<u>\$ 47,912</u>	<u>\$ 39,226</u>	<u>\$ 152,880</u>	<u>\$ 51,355</u>	<u>\$ 65,271</u>	<u>\$ 138,964</u>

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

LIBERTY TOWNSHIP, GRANT COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2018 and 2019

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18	Receipts	Disbursements	Cash and Investments 12-31-19
Township	\$ 3,323	\$ 20,451	\$ 13,274	\$ 10,500	\$ 20,065	\$ 6,872	\$ 23,693
Township Assistance	10,025	2,530	4,106	8,449	5,986	2,983	11,452
Fire Fighting	118,150	25,948	15,813	128,285	27,451	18,372	137,364
Rainy Day	7,580	-	-	7,580	-	-	7,580
Levy Excess	-	214	-	214	-	-	214
Payroll Withholdings	(114)	1,590	2,171	(695)	1,138	510	(67)
Totals	<u>\$ 138,964</u>	<u>\$ 50,733</u>	<u>\$ 35,364</u>	<u>\$ 154,333</u>	<u>\$ 54,640</u>	<u>\$ 28,737</u>	<u>\$ 180,236</u>

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

LIBERTY TOWNSHIP, GRANT 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.* Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental 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 distributions 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, GRANT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*Other receipts.* Amounts received from various sources, including, but 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.* Amounts disbursed 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.* Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

*Other services and charges.* Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

*Capital outlay.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

*Other disbursements.* Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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, GRANT 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 December 31 of the year preceding the budget year or January 15 of the budget year if the Township is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. 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, the following: 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.

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

**Note 6. Cash Balance Deficits**

The financial statements contain a fund with deficits in cash. This is a result of payroll withholding fund expenditures in excess of receipts.

LIBERTY TOWNSHIP, GRANT COUNTY  
REVIEW RESULTS AND COMMENTS

**CONDITION OF RECORDS**

*Condition and Context*

Financial transactions for the Township were not posted to the ledgers and bank reconcilements were not prepared by the Trustee for the entire year of 2019. Additionally, various payments for contractual services and personal services were not made in a timely manner. A new Trustee was appointed on January 10, 2020. He posted the transactions to the ledger and prepared bank reconciliations for the entire year of 2019.

*Criteria*

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS**

*Condition and Context*

The Township did not properly withhold or remit payroll taxes during the review period. Payroll taxes amounting to \$230 due for 2017 were not paid until January 31, 2020. Payroll taxes totaling \$1,025 and \$1,597 remain unpaid to date for 2018 and 2019, respectively.

*Criteria*

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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 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 unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**LATE SUBMISSION OF ANNUAL FINANCIAL REPORT**

*Condition and Context*

The Township's Annual Financial Reports for 2018 and 2019 were not filed electronically until March 19, 2019, and August 4, 2020, which were 18 days and 156 days, respectively, past the due date.

LIBERTY TOWNSHIP, GRANT COUNTY  
REVIEW RESULTS AND COMMENTS  
(Continued)

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

**LATE SUBMISSION OF CERTIFIED REPORT**

*Condition and Context*

The Township's Certified Reports of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) for 2017 and 2019 were not filed electronically until February 2, 2018 and August 3, 2020, which were two days and 185 days, respectively, past the due date.

*Criteria*

Indiana Code 5-11-13-1(b) states:

"Each audited entity shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of the officers, employees, and agents of the audited entity. The report shall indicate the respective duties and compensation of each officer, employee, and agent of the audited entity. The audited entity shall file the report in the office of the state examiner of the state board of accounts. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

**ADOPTION OF AND TRAINING ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Township Board did not adopt the minimum level of internal control standards and procedures or ensure that appropriate personnel were properly trained as required by statute.

*Criteria*

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

LIBERTY TOWNSHIP, GRANT COUNTY  
REVIEW RESULTS AND COMMENTS  
(Continued)

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Trustee certified on the Indiana Gateway for Government Units financial reporting system that the Township Board had adopted internal control standards and appropriate personnel were trained on the internal control standards. However, the Township Board had not formally adopted internal control standards and personnel did not receive the internal control training.

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

Susan R. Althouse  
Former Liberty Township Trustee  
Grant County, Indiana  
2015 through 2018  
3321 West 800 South  
Jonesboro, IN 46938

## OFFICIAL RESPONSE

Date: October 15, 2020

Indiana State Board of Accounts  
302 West Washington St. Room E418  
Indianapolis, IN 46204-2765

Re: Liberty Township  
Review Results and Comments  
Audit Period 01/01/16 to 12/31/19

### *(Official response)*

This is an official response to the Audit Discussion of findings presented by the SBA Auditor, \_\_\_\_\_ on October 7, 2020. The current Liberty Township Trustee, Greg Thompson, was present as well as the Liberty Township Board. Randy Ramberger had also been invited but had not made an appearance.

### *Condition of Records;*

I would like to comment that I realize that it was a huge task to collect the information requested for the audit. I had gone through a State Board of Accounts myself. I had, in good faith, handed over all files, records and materials to the new Trustee, Randy Ramberger, in January of 2019. They were organized and up to date to the best of my knowledge and ability. In one year's time, they had been moved to three locations and gone through by three people, (all who had the authority to do so). The new and current Trustee, Greg Thompson, had little knowledge of what the files contained and what to look for in preparation of the audit. I assisted all I could without having access to the files. I can affirm that all of the records that I had passed on had been reconciled and in order. There were hard copies of everything and electronically backed up on an external hard drive which had been passed on to the next Trustee along with a laptop computer. Greg Thompson is still attempting to sort through the files while learning what files to look for as well as attending to the Township business. He has been instructed where to look for particular files and is making progress. I cannot attest to the record keeping of Randy Ramberger and the condition of the records he had left them in.

### *Federal and State Agencies – Compliance Requirements;*

I do not agree with the findings of the Auditor for his conclusions for unpaid taxes that were to be remitted in 2017. They had been paid. Greg did not offer the proper documentation to support that finding. The amounts show all taxes were paid and current according to the Township year-end reports and the Annual Report.

A request for funds owed to the IRS that was paid by the Township in January of 2020 was not a result of under-payment in 2017. In a strange coincidence, I had received the same notice in July of 2018 for the amount of \$239.50, without any explanation, but paid the amount as requested. The Township ledgers did not show any shortage of funds remitted. In December of 2018, a check was received from the IRS for an overpayment of \$242.26 in taxes. There was no explanation given.

As for the 2018 4<sup>th</sup> Quarter taxes due in January of 2019, that was the responsibility of the new Trustee Randy Ramberger. He had been given the information and instructions to do so. The Township has an accounting firm to prepare the tax information for remittance as part of the checks and balances. It was a practice started by the Trustee previous to my term.

*Late Submission of Annual Financial Report;*

At the end of 2018 and the first of 2019, I had prepared the 2018 Annual Report for submission. The only part that had to be done was the TA7 and submit the report. That was the responsibility of Randy Ramberger. Once again, he was given all of the information and instructions.

It was understandable why Greg Thompson filed the Annual Report in a late fashion in August of 2020 for the 2019 year. The report had not been prepared and ready for his submitting. He also was attempting to sort through the records and acclimate himself to the process and function of his duties without any training and instruction.

*Late submission of Certified Report;*

I accept the mistake of filing the 2017 Form 100-R in an untimely fashion and do apologize. I do not recall what the circumstance was, but apparently it was late by two days. As for 2019, that was the responsibility of Randy Ramberger.

*Adoption and Training Control Standards;*

During my term as Trustee, the Township did have all of the internal control standards adopted and on file both in hard copy and electronically. I believe Greg Thompson did not know what and where to look in preparation for the audit. I have since been working to assist him of the standards and policies that had been adopted and what he needs to do himself with the current board.

*Certification on Internal Control Standards;*

During my term as Trustee, the Township did have all of the internal control standards adopted and on file both in hard copy and electronically. The Board had been properly informed and trained. Greg has yet to find the files, but I can attest to the fact that the files exist. Further proof can yet be presented if and when warranted.

Sincerely,

Susan R. Althouse  
Former Liberty Township Trustee  
Grant County, Indiana  
2015 through 2018  
3321 West 800 South  
Jonesboro, IN 46938

LIBERTY TOWNSHIP, GRANT COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 7, 2020, with Susan R. Althouse, former Trustee; Randy M. Ramberger, former Trustee; Gregory B. Thompson, Trustee; Patricia P. Stinger, Township Board member; Michael E. Keller, Township Board member; and Sherry G. French, Chair of the Township Board.