

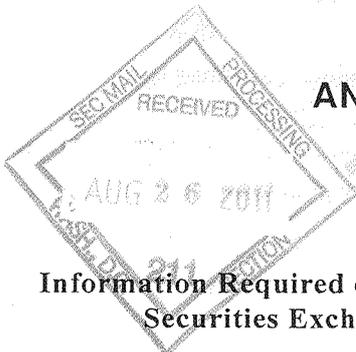


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FES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8- 26128

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 07/01/10 AND ENDING 06/30/11  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

Liberty Investment Counsel, Ltd.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

700 Pilgrim Parkway, Suite 300

OFFICIAL USE ONLY  
FIRM I.D. NO.

(No. and Street)

Elm Grove

WI

53122

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Richard C. Peterson

(262) 785-1377

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Walkowicz, Boczkiewicz & Co., S.C.

(Name - if individual, state last, first, middle name)

1800 E. Main Street, Suite 100

Waukesha

WI

53186

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Richard C. Peterson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Liberty Investment Counsel, Ltd., as of June 30, 2011, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Richard C. Peterson  
Signature  
President  
Title

Valerie A. Bongue  
Notary Public

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**Liberty Investment Counsel, Ltd.**

**Annual Report**

**June 30, 2011**

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**WALKOWICZ,  
BOCZKIEWICZ & CO., S.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**1800 East Main Street, Suite 100  
Waukesha, Wisconsin 53186-3902**

**EDWARD J. WALKOWICZ, CPA  
VALORIE A. BOCZKIEWICZ, CPA**

**ROXANN V. COWAN, CPA  
SHANNON M. ROSZAK, CPA  
MICHELLE A. SCHKERYANTZ, CPA**

**WILL A. SILVERS, CPA  
CHRISTOPHER P. OLSON, CPA  
WENDY L. HANSON**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Stockholders  
of Liberty Investment Counsel, Ltd.

We have audited the accompanying statements of financial condition of Liberty Investment Counsel, Ltd. as of June 30, 2011 and 2010, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Liberty Investment Counsel, Ltd. as of June 30, 2011 and 2010 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information included in the accompanying computation of net capital and aggregate indebtedness schedule is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with accounting standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Walkowicz, Boczkiwicz & Co., S.C.*  
Waukesha, Wisconsin  
August 17, 2011

**Liberty Investment Counsel, Ltd.**  
**Statements of Financial Condition**  
**June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 8,631	\$ 8,814
Commissions receivable	3,189	2,448
Prepaid expenses	<u>1,066</u>	<u>1,119</u>
 Total Current Assets	 12,886	 12,381
<b>Other Assets:</b>		
Deferred tax asset	<u>1,301</u>	<u>1,264</u>
 Total Assets	 <u>\$ 14,187</u>	 <u>\$ 13,645</u>

	<u>2011</u>	<u>2010</u>
<b>Liabilities and Stockholder's Equity</b>		
<b>Current Liabilities:</b>		
Commissions payable	<u>\$ 2,870</u>	<u>\$ 2,203</u>
 Total Current Liabilities	 2,870	 2,203
<b>Stockholder's Equity:</b>		
Common stock	12,000	12,000
Less: Treasury stock	(6,000)	(6,000)
Retained earnings	<u>5,317</u>	<u>5,442</u>
 Total Stockholder's Equity	 <u>11,317</u>	 <u>11,442</u>
 Total Liabilities and Stockholder's Equity	 <u>\$ 14,187</u>	 <u>\$ 13,645</u>

See notes to financial statements.

**Liberty Investment Counsel, Ltd.**  
**Statements of Operations**  
**For the Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Revenue:</b>		
Commissions	<u>\$ 72,396</u>	<u>\$ 56,047</u>
<b>Expenses:</b>		
Advertising	228	228
Accounting	4,100	4,000
Commissions to brokers	62,885	46,174
Registration and license fees	2,975	3,067
Rent	2,400	1,950
Personal property taxes	5	-
Workers' compensation and bond insurance	<u>364</u>	<u>364</u>
 Total Expenses	 <u>72,957</u>	 <u>55,783</u>
 Net Income (Loss) From Operations	 (561)	 264
<b>Other Income:</b>		
Miscellaneous	399	-
Income tax expense (credit)	<u>(37)</u>	<u>60</u>
 Net Income (Loss)	 <u><u>\$ (125)</u></u>	 <u><u>\$ 204</u></u>

See notes to financial statements.

**Liberty Investment Counsel, Ltd.**  
**Statements of Changes in Stockholder's Equity**  
**For the Years Ended June 30, 2011 and 2010**

	<u>Common Stock</u>	<u>Additional Paid in Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>	<u>Total Stockholder's Equity</u>
Balance, June 30, 2009	\$ 12,000	\$ -	\$ 5,238	\$ (6,000)	\$ 11,238
Net Income	-	-	204	-	204
Balance, June 30, 2010	12,000	-	5,442	(6,000)	11,442
Net (Loss)	-	-	(125)	-	(125)
Balance, June 30, 2011	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ 5,317</u>	<u>\$ (6,000)</u>	<u>\$ 11,317</u>

See notes to financial statements.

**Liberty Investment Counsel, Ltd.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Cash Flows from Operating Activities:</b>		
Net Income (Loss)	\$ (125)	\$ 204
Adjustments to Reconcile Net Income (Loss) to Net Cash Used in Operating Activities:		
Deferred income tax expense (credit)	(37)	60
(Increase) decrease in assets:		
Commissions receivable	(741)	319
Prepaid expenses and fees	53	(459)
Increase (decrease) in liabilities:		
Commissions payable	<u>667</u>	<u>(287)</u>
Net Cash Used in Operating Activities	<u>(183)</u>	<u>(163)</u>
Net Decrease in Cash	(183)	(163)
Cash - Beginning of year	<u>8,814</u>	<u>8,977</u>
Cash - End of year	<u>\$ 8,631</u>	<u>\$ 8,814</u>
 <b>Supplementary Disclosures of Cash Flow Information:</b>		
Cash paid during the period for:		
Interest	<u>\$0</u>	<u>\$0</u>
Income taxes	<u>\$0</u>	<u>\$0</u>

See notes to financial statements.

**Liberty Investment Counsel, Ltd.**  
**Notes to Financial Statements**  
**June 30, 2011 and 2010**

**Note 1 - Summary of Significant Accounting Policies**

This summary of significant accounting policies is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

**Business Activity**

The Company was incorporated in the State of Wisconsin on April 14, 1981. The Company is registered with the Securities and Exchange Commission and it is a member of the Financial Industry Regulatory Authority, or "FINRA" (created in 2007 through the consolidation of the National Association of Securities Dealers, Inc. ("NASD") and the member regulation, enforcement and arbitration operations of the New York Stock Exchange) and (ii) the Securities Investors Protection Corporation ("SIPC"). The Company's principal business activities consist of the sale of stocks, bonds, options, mutual funds, CD's, annuities and private placements.

**Income Taxes**

The Company has federal and state net operating loss carry forwards as of June 30, 2011 that will expire over the following years:

<u>Year Ending</u> <u>June 30, 2011</u>	<u>Amount</u>
2028	\$ 103
2029	<u>1,048</u>
Total	<u>\$ 1,151</u>

The Company has a deferred tax asset of approximately \$1,301 due to these net operating loss carry forwards.

The Company also has a contribution carryover of \$4,650 that will expire on June 30, 2027.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Liberty Investment Counsel, Ltd.**  
**Notes to Financial Statements**  
**June 30, 2011 and 2010**

**Note 2 - Net Capital Requirements**

As a registered broker/dealer and member of the Financial Industry Regulatory Authority, the Company is subject to the Uniform Net Capital Rule, which required the maintenance of minimum net capital and requires that the ratio of aggregated indebtedness to net capital, both as defined, shall not exceed 15 to 1. At June 30, 2011, the Company's net capital and required net capital were \$5,761 and \$5,000, respectively. The ratio of aggregate indebtedness to net capital was 49.82%.

**Note 3 - Common Stock**

As of June 30, 2011, common stock consisted of 3,000 authorized, 3,000 issued and outstanding no par value shares.

**Note 4 - Filing Requirements**

There were no liabilities subordinated to claims of creditors during the year ended June 30, 2011. Accordingly, a statement of changes in liabilities subordinated to claims of creditors is not included in the financial statements as required by rule 17a-5 of the Securities and Exchange Commission.

**Note 5 - Treasury Stock**

On February 28, 1982, the Company acquired 1,500 of the 3,000 issued and outstanding shares of common stock at a cost of \$6,000.

**Note 6 - Rent**

Liberty Investment Counsel, Ltd. leases space on a month-to-month basis. Rent expense for the fiscal years ended June 30, 2011 and June 30, 2010 were \$2,400 and \$1,950, respectively.

**Note 7 - Related Parties**

During the year, the owner of the Company was paid \$15,150 in commissions.

**Note 8 - Subsequent Events**

The Company has reviewed the results of operations for the period of time from its fiscal year ended June 30, 2011 through August 17, 2011 and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

**Liberty Investment Counsel, Ltd.**  
**Computation of Net Capital and Aggregate Indebtedness**  
**For the Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Net Capital Computation</b>		
Stockholder's equity at year end	\$ 11,317	\$ 11,442
Deductions:		
Nonallowable assets:		
Commissions receivable	(3,189)	(2,448)
Other assets	(1,301)	(1,264)
Prepaid expense	<u>(1,066)</u>	<u>(1,119)</u>
Net Capital	<u>\$ 5,761</u>	<u>\$ 6,611</u>
<b>Computation of Basic Net Capital Requirement</b>		
Minimum net capital required (6 2/3% of aggregate indebtedness)	<u>\$ 191</u>	<u>\$ 147</u>
Minimum dollar net capital requirement	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Net capital requirement	<u>\$ 5,000</u>	<u>\$ 5,000</u>
<b>Computation of Aggregate Indebtedness</b>		
Total liabilities	<u>\$ 2,870</u>	<u>\$ 2,203</u>
Aggregate Indebtedness	<u>\$ 2,870</u>	<u>\$ 2,203</u>
<b>Percentage of Aggregate Indebtedness to Net Capital</b>		
	<u>49.82%</u>	<u>33.32%</u>

**Liberty Investment Counsel, Ltd.**  
**Computation of Net Capital and Aggregate Indebtedness**  
**For the Years Ended June 30, 2011 and 2010**

	2011	2010
<b>Reconciliation with Company's Computation (included in Part IIA of Form X-17A-5 as of June 30):</b>		
Net capital, as reported in Company's Part IIA (unaudited) FOCUS report	\$ 8,931	\$ 9,114
Net changes per audit:		
12b(1) fees in accounts receivable/other	(3,170)	(2,503)
 Net Capital Per Above	 \$ 5,761	 \$ 6,611



**WALKOWICZ,  
BOCZKIEWICZ & CO., S.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**1800 East Main Street, Suite 100**

**Waukesha, Wisconsin 53186-3902**

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WENDY L. HANSON**

### **Independent Auditor's Report on Internal Control**

Board of Directors,  
Liberty Investment Counsel, Ltd.

In planning and performing our audit of the financial statements of Liberty Investment Counsel, Ltd. as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g)(1) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management of employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously. However, our study and evaluation disclosed that a lack of segregation of functions exists. Although this condition may be considered to be a material weakness in internal control, it is a common condition in entities of this size. This condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statements of Liberty Investment Counsel, Ltd. for the year ended June 30, 2011, and this report does not affect our report thereon dated August 17, 2011. In addition, no facts came to our attention which would indicate the Company was not in compliance with its type k(2)(i) exemption from the requirements of SEC Rule 15c3-3. However, it should be noted that our examination was not directed primarily toward obtaining knowledge of such noncompliance.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purpose in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at June 30, 2011, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not to be used by anyone other than these specified parties.

Walsh, Boyer § COS. C

Waukesha, Wisconsin  
August 17, 2011

**LIBERTY INVESTMENT COUNSEL, LTD.**

**ANNUAL REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2011**