



**LIBERTY TOWNSHIP
TRUMBULL COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Liberty Township
Trumbull County
1315 Churchill- Hubbard Road
Youngstown, Ohio 44505

To the Board of Trustees:

We have audited the accompanying financial statements of Liberty Township, Trumbull County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of 1998 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the audit committee, management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 9, 2000

LIBERTY TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$349,838	\$2,731,237			\$3,081,075
Intergovernmental	2,220,652	604,669	148,577		2,973,898
Special Assessments			22,209		22,209
Charges for Services		99,736		439,725	539,461
Licenses, Permits, and Fees	54,175	6,225			60,400
Fines, Forfeitures, and Penalties	22,241	10,520			32,761
Earnings on Investments	119,662			9,106	128,768
Other Revenue	167,488	83,002		1,896	252,386
	<u>2,934,056</u>	<u>3,535,389</u>	<u>170,786</u>	<u>450,727</u>	<u>7,090,958</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	1,182,897				1,182,897
Public Safety	25,890	3,083,296			3,109,186
Public Works	126,968	469,480	17,137		613,585
Health	33,266	2,542		412,527	448,335
Conservation - Recreation	50,518				50,518
Capital Outlay		40,766	705,871		746,637
	<u>1,419,539</u>	<u>3,596,084</u>	<u>723,008</u>	<u>412,527</u>	<u>6,151,158</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>1,514,517</u>	<u>(60,695)</u>	<u>(552,222)</u>	<u>38,200</u>	<u>939,800</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		324,645	763,703		1,088,348
Transfers-Out	<u>(928,780)</u>	<u>(159,568)</u>			<u>(1,088,348)</u>
	<u>(928,780)</u>	<u>165,077</u>	<u>763,703</u>		
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	585,737	104,382	211,481	38,200	939,800
Fund Cash Balances, January 1	<u>701,356</u>	<u>354,772</u>	<u>81,740</u>	<u>238,153</u>	<u>1,376,021</u>
Fund Cash Balances, December 31	<u>\$1,287,093</u>	<u>\$459,154</u>	<u>\$293,221</u>	<u>\$276,353</u>	<u>\$2,315,821</u>

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

**LIBERTY TOWNSHIP
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Earnings on Investments	\$18
Total Operating Cash Receipts	18
Operating Cash Disbursements:	
Total Operating Cash Disbursements	
Operating Income/(Loss)	18
Net Receipts Over/(Under) Disbursements	18
Fund Cash Balances, January 1	1,072
Fund Cash Balances, December 31	\$1,090

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

LIBERTY TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$307,307	\$2,450,082			\$2,757,389
Intergovernmental	508,012	456,918	6,665		971,595
Special Assessments			18,060		18,060
Charges for Services		101,113		440,220	541,333
Licenses, Permits, and Fees	45,977	2,400			48,377
Fines, Forfeitures, and Penalties	18,623	4,042			22,665
Earnings on Investments	69,966			9,006	78,972
Other Revenue	220,267	213,430	47,273		480,970
Total Cash Receipts	<u>1,170,152</u>	<u>3,227,985</u>	<u>71,998</u>	<u>449,226</u>	<u>4,919,361</u>
Cash Disbursements:					
Current:					
General Government	672,366		6,665		679,031
Public Safety	95,790	2,580,358			2,676,148
Public Works	187,254	393,984	16,673		597,911
Health	31,385	6,578		349,272	387,235
Conservation - Recreation	73,334				73,334
Capital Outlay		74,151	460,695		534,846
Total Cash Disbursements	<u>1,060,129</u>	<u>3,055,071</u>	<u>484,033</u>	<u>349,272</u>	<u>4,948,505</u>
Total Receipts Over/(Under) Disbursements	<u>110,023</u>	<u>172,914</u>	<u>(412,035)</u>	<u>99,954</u>	<u>(29,144)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		17,035	128,475		145,510
Transfers-Out	(144,475)	(1,035)			(145,510)
Total Other Financing Receipts/(Disbursements)	<u>(144,475)</u>	<u>16,000</u>	<u>128,475</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(34,452)	188,914	(283,560)	99,954	(29,144)
Fund Cash Balances, January 1	735,807	165,858	365,302	138,199	1,405,166
Fund Cash Balances, December 31	<u>\$701,355</u>	<u>\$354,772</u>	<u>\$81,742</u>	<u>\$238,153</u>	<u>\$1,376,022</u>

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

**LIBERTY TOWNSHIP
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Earnings on Investments	\$28
Total Operating Cash Receipts	28
Operating Cash Disbursements:	
Total Operating Cash Disbursements	
Operating Income/(Loss)	28
Net Receipts Over/(Under) Disbursements	28
Fund Cash Balances, January 1	1,044
Fund Cash Balances, December 31	\$1,072

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

**LIBERTY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Liberty Township, Trumbull County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Repurchase Agreements are recorded at cost as reported by the bank.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Fire District - This fund receives property tax money for the general operation of the fire department.

**LIBERTY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Police District - This fund receives property tax money for the general operation of the police department.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds).

5. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township maintains one trust fund.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**LIBERTY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	139,575	214,855
Total deposits	<u>139,575</u>	<u>214,855</u>
Repurchase Agreements	128,000	118,000
STAR Ohio	<u>2,049,336</u>	<u>1,044,238</u>
Total investments	<u>2,177,336</u>	<u>1,162,238</u>
Total deposits and investments	<u><u>\$2,316,911</u></u>	<u><u>\$1,377,093</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Repurchase agreements are held by the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 1998 and 1999 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,449,851	\$2,934,056	\$484,205
Special Revenue	3,789,943	3,860,034	70,091
Capital Projects	814,024	934,489	120,465
Fiduciary	<u>281,000</u>	<u>490,745</u>	<u>209,745</u>
Total	<u><u>\$7,334,819</u></u>	<u><u>\$8,219,324</u></u>	<u><u>\$884,505</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,504,927	\$2,348,319	(\$843,392)
Special Revenue	3,709,385	3,755,652	(46,267)
Capital Projects	122,763	723,008	(600,245)
Fiduciary	<u>480,223</u>	<u>412,527</u>	<u>67,696</u>
Total	<u><u>\$5,817,298</u></u>	<u><u>\$7,239,506</u></u>	<u><u>(\$1,422,208)</u></u>

**LIBERTY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$770,184	\$1,170,152	\$399,968
Special Revenue	2,963,779	3,245,020	281,241
Capital Projects	56,444	200,473	144,029
Fiduciary	341,803	449,254	107,451
Total	<u>\$4,132,210</u>	<u>\$5,064,899</u>	<u>\$932,689</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,466,646	\$1,204,604	\$262,042
Special Revenue	3,129,632	3,056,106	73,526
Capital Projects	421,744	484,033	(62,289)
Fiduciary	481,044	349,272	131,772
Total	<u>\$5,499,066</u>	<u>\$5,094,015</u>	<u>\$405,051</u>

The General, Telecommunications, Issue II, Capital Equipment and Permanent Improvement Funds had expenditures greater than appropriations in 1999, contrary to Section 5705.41(B), Ohio Revised Code.

The Cemetery, Cops Public Safety, Drug Law Enforcement and Permanent Improvement Funds had expenditures greater than appropriations in 1998, contrary to Section 5705.41(B), Ohio Revised Code.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

LIBERTY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

5. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF received a full pickup of their required contribution amount of 10% of their wages to the PFDPF. In addition, the Township contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Township is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- Property
- General Liability
- Automobile
- Crime
- Inland Marine
- EDP

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Liberty Township
Trumbull County
1315 Churchill- Hubbard Road
Youngstown, Ohio 44505

To the Board of Trustees:

We have audited the accompanying financial statements of Liberty Township, Trumbull County, Ohio (the Township), as of and for the years ended 1998 and 1999, and have issued our report thereon dated June 9, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-41178-001. We also noted a immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated June 9, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

June 9, 2000

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 1999-41178-001

Noncompliance Citation

Section 5705.41 (B), Revised Code, prohibits a subdivision from making an expenditure unless it has been properly appropriated. The following funds had expenditures greater than appropriations by the amounts as shown.

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Variance</u>
1999 -General	\$1,504,927	\$2,348,319	\$(843,392)
Telecommunications		191,807	(191,807)
Issue II	1,361	31,145	(29,784)
Capital Equipment		284,500	(284,500)
Permanent Improvement	100,000	243,569	(143,569)
	<u>Appropriation</u>	<u>Expenditures</u>	<u>Variance</u>
1998 -Cemetery	\$4,369	\$6,578	\$(2,209)
Cops Public Safety	30,333	109,186	(78,853)
Drug Law Enforcement	4,493	8,759	(4,266)
Permanent Improvement	358,134	454,836	(96,702)



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LIBERTY TOWNSHIP

TRUMBULL COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 8, 2000**