



**LIBERTY TOWNSHIP
ROSS 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
Ross County
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To the Board of Trustees:

We have audited the accompanying financial statements of Liberty Township, Ross County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 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 December 31, 1999 and December 31, 1998, 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 February 17, 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.

JIM PETRO
Auditor of State

February 17, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL 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>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$20,121	\$71,527	\$7,793	\$99,441
Intergovernmental	70,838	74,437	0	145,275
Licenses, Permits, and Fees	0	14,255	0	14,255
Interest	8,617	899	0	9,516
Other Revenue	2,977	10,638	0	13,615
	<u>102,553</u>	<u>171,756</u>	<u>7,793</u>	<u>282,102</u>
Total Cash Receipts				
	<u>102,553</u>	<u>171,756</u>	<u>7,793</u>	<u>282,102</u>
Cash Disbursements:				
Current:				
General Government	80,715	0	0	80,715
Public Safety	0	15,985	0	15,985
Public Works	6,950	63,214	0	70,164
Health	0	39,964	0	39,964
Debt Service:				
Note Principal Payment	0	0	7,266	7,266
Interest and Fiscal Charges	0	0	525	525
Capital Outlay	4,600	39,268	0	43,868
	<u>92,265</u>	<u>158,431</u>	<u>7,791</u>	<u>258,487</u>
Total Cash Disbursements				
	<u>92,265</u>	<u>158,431</u>	<u>7,791</u>	<u>258,487</u>
Total Receipts Over/(Under) Disbursements	<u>10,288</u>	<u>13,325</u>	<u>2</u>	<u>23,615</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes	0	22,140	0	22,140
Other Proceeds from Sale of Public Debt	0	0	0	0
Transfers-In	0	4,000	0	4,000
Advances-In	0	0	0	0
Transfers-Out	(4,000)	0	0	(4,000)
	<u>(4,000)</u>	<u>26,140</u>	<u>0</u>	<u>22,140</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(4,000)</u>	<u>26,140</u>	<u>0</u>	<u>22,140</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	6,288	39,465	2	45,755
Fund Cash Balances, January 1	<u>27,084</u>	<u>129,443</u>	<u>0</u>	<u>156,527</u>
Fund Cash Balances, December 31	<u><u>\$33,372</u></u>	<u><u>\$168,908</u></u>	<u><u>\$2</u></u>	<u><u>\$202,282</u></u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL 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>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$17,639	\$57,355	\$17,920	\$92,914
Intergovernmental	58,395	71,989	0	130,384
Licenses, Permits, and Fees	0	15,075	0	15,075
Interest	8,121	1,104	0	9,225
Other Revenue	13,577	28,157	0	41,734
	<u>97,732</u>	<u>173,680</u>	<u>17,920</u>	<u>289,332</u>
Total Cash Receipts				
	<u>97,732</u>	<u>173,680</u>	<u>17,920</u>	<u>289,332</u>
Cash Disbursements:				
Current:				
General Government	73,032	8,596	0	81,628
Public Safety	0	11,870	0	11,870
Public Works	3,984	88,799	0	92,783
Health	0	35,442	0	35,442
Debt Service:				
Note Principal Payment	0	0	15,889	15,889
Interest and Fiscal Charges	0	0	2,031	2,031
Capital Outlay	12,377	41,814	0	54,191
	<u>89,393</u>	<u>186,521</u>	<u>17,920</u>	<u>293,834</u>
Total Cash Disbursements				
	<u>89,393</u>	<u>186,521</u>	<u>17,920</u>	<u>293,834</u>
Total Receipts Over/(Under) Disbursements	<u>8,339</u>	<u>(12,841)</u>	<u>0</u>	<u>(4,502)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	4,000	0	4,000
Advances-In	0	0	0	0
Transfers-Out	(4,000)	0	0	(4,000)
	<u>(4,000)</u>	<u>4,000</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(4,000)</u>	<u>4,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	4,339	(8,841)	0	(4,502)
Fund Cash Balances, January 1	<u>22,745</u>	<u>138,284</u>	<u> </u>	<u>161,029</u>
Fund Cash Balances, December 31	<u><u>\$27,084</u></u>	<u><u>\$129,443</u></u>	<u><u>\$0</u></u>	<u><u>\$156,527</u></u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Liberty Township, Ross 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

Certificates of deposit and repurchase agreements are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Cemetery Fund- This fund receives tax money for maintaining the cemetery.

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The revenue from debt service is from local taxes utilized for the payment on debt. The Township is repaying debt for the dump truck and a tractor/mower/loader.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function 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 1998 and 1999 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.

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>
Certificates of deposit	\$0	\$46,953
Total deposits	0	46,953
Repurchase Agreement	27,354	37,150
STAR Ohio	174,928	72,423
Total investments	202,282	109,574
Total deposits and investments	\$202,282	\$156,527

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: U.S. Treasury and U.S. Government Securities are held in book-entry form by the Federal Reserve, in the name of 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 December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$101,465	\$102,553	\$1,088
Special Revenue	187,354	197,895	10,541
Debt Service	7,793	7,793	0
Total	\$296,612	\$308,241	\$11,629

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$128,549	\$96,265	\$32,284
Special Revenue	316,596	158,430	158,166
Debt Service	7,793	7,791	2
Total	\$452,938	\$262,486	\$190,452

**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	\$90,811	\$97,732	\$6,921
Special Revenue	165,836	177,680	11,844
Debt Service	18,040	17,920	(120)
Total	\$274,687	\$293,332	\$18,645

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$113,556	\$93,393	\$20,163
Special Revenue	304,090	186,521	117,569
Debt Service	18,040	17,920	120
Total	\$435,686	\$297,834	\$137,852

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.

Public utilities are also taxed on personal and real property located within the Township.

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.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Backhoe Loan	\$20,275	6%
Tractor/Mower/Loader Loan	22,140	6%
Total	\$42,415	

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

5. DEBT (Continued)

The backhoe loan was for the purchase of a new Case backhoe. The Township is making monthly payments to Case. The Tractor/Mower/Loader was purchased in 1999 and the Township starting in 2000 will be making annual payments to Huntington National Bank.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Backhoe Loan	Tractor/Mower/ Loader Loan
2000	\$12,752	\$4,696
2001	10,627	4,710
2002	0	4,506
2003	0	4,302
2004	0	4,098
Subsequent	0	3,894
Total	\$23,379	\$26,207

6. RETIREMENT SYSTEMS

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a 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, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participant's gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

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**

Township Trustees
Liberty Township
Ross County
PO Box 151
Londonderry, Ohio 45647

To the Board of Trustees:

We have audited the accompanying financial statements of Liberty Township, Ross County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated February 17, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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. However, we noted a matter involving the internal control over financial reporting, that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated February 17, 2000.

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

JIM PETRO
Auditor of State

February 17, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LIBERTY TOWNSHIP

ROSS 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
APRIL 25, 2000**