



**LIBERTY TOWNSHIP  
FAIRFIELD COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



LIBERTY TOWNSHIP  
FAIRFIELD COUNTY

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**STATE OF OHIO  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

Liberty Township  
Fairfield County  
816 West Market Street  
Baltimore, Ohio 43105

To the Board of Trustees:

We have audited the accompanying financial statements of Liberty Township, Fairfield 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 Liberty Township, Fairfield County, Ohio 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 July 11, 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 management, the Board of Trustees 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

July 11, 2000



**LIBERTY TOWNSHIP  
FAIRFIELD COUNTY**

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

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$71,091	\$148,843	\$219,934
Intergovernmental	134,918	85,211	220,129
Licenses, Permits, and Fees	25,000	0	25,000
Earnings on Investments	994	400	1,394
Other Revenue	17,365	18,473	35,838
 Total Cash Receipts	 249,368	 252,927	 502,295
<b>Cash Disbursements:</b>			
Current:			
General Government	74,563	0	74,563
Public Works	72,213	175,723	247,936
Health	22,267	0	22,267
Debt Service:			
Note Principle Payments	35,195	0	35,195
Interest Charges	1,471	0	1,471
Capital Outlay	27,895	53,415	81,310
 Total Cash Disbursements	 233,604	 229,138	 462,742
 Total Cash Receipts Over/(Under) Cash Disbursements	 15,764	 23,789	 39,553
<b>Other Financing Receipts/(Disbursements):</b>			
Proceeds from Sale of Public Debt:			
Sale of Notes	15,000	0	15,000
 Total Other Financing Receipts/(Disbursements)	 15,000	 0	 15,000
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 30,764	 23,789	 54,553
 Fund Cash Balances, January 1	 22,888	 35,154	 58,042
 <b>Fund Cash Balances, December 31</b>	 <b>\$53,652</b>	 <b>\$58,943</b>	 <b>\$112,595</b>

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

**LIBERTY TOWNSHIP  
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCE  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Fiduciary Fund Type</b>
	<b>Non-Expendable Trust</b>
<b>Cash Receipts:</b>	
Earnings on Investments	\$12
Total Cash Receipts	12
<b>Cash Disbursements:</b>	
Total Cash Receipts Over/(Under) Cash Disbursements	12
Fund Cash Balance, January 1	600
<b>Fund Cash Balance, December 31</b>	<b>\$612</b>

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

**LIBERTY TOWNSHIP  
FAIRFIELD COUNTY**

**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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$61,094	\$131,714	\$192,808
Intergovernmental	122,912	80,385	203,297
Licenses, Permits, and Fees	22,225	0	22,225
Earnings on Investments	1,019	550	1,569
Other Revenue	7,710	16,698	24,408
	<u>214,960</u>	<u>229,347</u>	<u>444,307</u>
<b>Total Cash Receipts</b>			
	<u>214,960</u>	<u>229,347</u>	<u>444,307</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	106,117	0	106,117
Public Works	75,289	204,400	279,689
Health	19,390	0	19,390
Debt Service:			
Note Principal Payment	4,188	0	4,188
Interest Charges	749	0	749
Capital Outlay	0	4,619	4,619
	<u>205,733</u>	<u>209,019</u>	<u>414,752</u>
<b>Total Cash Disbursements</b>			
	<u>205,733</u>	<u>209,019</u>	<u>414,752</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>9,227</u>	<u>20,328</u>	<u>29,555</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>9,227</u>	<u>20,328</u>	<u>29,555</u>
<b>Fund Cash Balances, January 1</b>	<u>13,661</u>	<u>14,826</u>	<u>28,487</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$22,888</b></u>	<u><b>\$35,154</b></u>	<u><b>\$58,042</b></u>

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

**LIBERTY TOWNSHIP  
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCE  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<b>Fiduciary Fund Type</b>
	<b>Non-Expendable Trust</b>
<b>Cash Receipts:</b>	
Earnings on Investments	\$18
Total Cash Receipts	18
<b>Cash Disbursements:</b>	
Total Cash Receipts Over/(Under) Cash Disbursements	18
Fund Cash Balance, January 1	582
<b>Fund Cash Balance, December 31</b>	<b>\$600</b>

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

**LIBERTY TOWNSHIP  
FAIRFIELD COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Liberty Township, Fairfield 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 contracts with the Basil Joint Fire District to provide fire services 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. 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.

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

Motor Vehicle License Tax Fund - This fund receives license tax for maintaining, repairing, and maintaining Township roads.

Permissive Motor Vehicle License Tax Fund - This fund receives money from licenses for construction and repair of Township roads.

**LIBERTY TOWNSHIP  
FAIRFIELD COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Fund Accounting (Continued)**

**3. Fiduciary Funds (Trust Fund)**

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. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. The only trust fund maintained by the Township is the Mary Arnold Trust Fund for the maintenance of the Township cemetery.

**D. 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.

**E. 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.

**F. 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  
FAIRFIELD COUNTY**

**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	\$ <u>113,207</u>	\$ <u>58,642</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 1999 and December 31, 1998 follows:

**1999 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$226,840	\$264,368	\$37,528
Special Revenue	231,490	252,927	21,437
Fiduciary	20	12	(8)
Total	\$458,350	\$517,307	\$58,957

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$246,234	\$233,604	\$12,630
Special Revenue	242,873	229,138	13,735
Total	\$489,107	\$462,742	\$26,365

**1998 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$200,763	\$214,960	\$14,196
Special Revenue	227,966	229,347	1,381
Fiduciary	17	18	1
Total	\$428,747	\$444,325	\$15,578

**LIBERTY TOWNSHIP  
FAIRFIELD COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

<b>1998 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$206,359	\$205,733	\$626
Special Revenue	225,000	209,019	15,981
Fiduciary	199	0	199
Total	<u>\$431,558</u>	<u>\$414,752</u>	<u>\$16,806</u>

**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. RETIREMENT SYSTEMS**

Employees along with the elected officials belong to the Public Employees Retirement System (PERS) of Ohio. 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. 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.

**LIBERTY TOWNSHIP  
FAIRFIELD COUNTY**

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

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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

**7. RELATED PARTY TRANSACTIONS**

One of the Township Trustees also is a member of the Basil Joint Fire District which provides fire and medical emergency services to the Township.

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

Liberty Township  
Fairfield County  
816 West Market Street  
Baltimore, Ohio 43105

To the Board of Trustees:

We have audited the accompanying financial statements of Liberty Township, Fairfield 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 July 11, 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 instance of noncompliance that is required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated July 11 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. 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 July 11, 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.

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

**JIM PETRO**  
Auditor of State

July 11, 2000



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

**LIBERTY TOWNSHIP**

**FAIRFIELD 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**  
**OCTOBER 19, 2000**