



**LIBERTY TOWNSHIP  
ADAMS 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  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

Liberty Township  
Adams County  
664 Deatley Road  
West Union, Ohio 45693

To the Board of Trustees:

We have audited the accompanying financial statements of Liberty Township, Adams 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 December 31, 1999 and 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 June 15, 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, 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 15, 2000

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**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>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$11,227	\$28,927		\$40,154
Intergovernmental	95,977	63,935		159,912
Earnings on Investments	3,935	1,174	240	5,349
Other Revenue	1,208	134		1,342
<b>Total Cash Receipts</b>	<b>112,347</b>	<b>94,170</b>	<b>240</b>	<b>206,757</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	23,874			23,874
Public Safety	668	5,857		6,525
Public Works	6,941	71,867	97	78,905
Health		12,402		12,402
Capital Outlay	9,976			9,976
<b>Total Cash Disbursements</b>	<b>41,459</b>	<b>90,126</b>	<b>97</b>	<b>131,682</b>
Total Receipts Over/(Under) Disbursements	70,888	4,044	143	75,075
<b>Other Financing Receipts/(Disbursements):</b>				
Other Sources		1,500		1,500
<b>Total Other Financing Receipts/(Disbursements)</b>		<b>1,500</b>		<b>1,500</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	70,888	5,544	143	76,575
Fund Cash Balances, January 1	93,426	61,997	4,132	159,555
<b>Fund Cash Balances, December 31</b>	<b>\$164,314</b>	<b>\$67,541</b>	<b>\$4,275</b>	<b>\$236,130</b>

*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>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$8,699	\$27,215		\$35,914
Intergovernmental	46,227	59,083		105,310
Earnings on Investments	2,329	1,156	240	3,725
Other Revenue	703	1,337		2,040
<b>Total Cash Receipts</b>	<b>57,958</b>	<b>88,791</b>	<b>240</b>	<b>146,989</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	41,001			41,001
Public Safety	483	6,016		6,499
Public Works		47,442	210	47,652
Health	9,582	13,193		22,775
Capital Outlay	200	1,240		1,440
<b>Total Cash Disbursements</b>	<b>51,266</b>	<b>67,891</b>	<b>210</b>	<b>119,367</b>
Total Receipts Over/(Under) Disbursements	6,692	20,900	30	27,622
<b>Other Financing Receipts/(Disbursements):</b>				
Other Sources	22,819	2,000		24,819
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>22,819</b>	<b>2,000</b>		<b>24,819</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	29,511	22,900	30	52,441
Restated Fund Cash Balances, January 1 (See Note #7)	63,915	39,097	4,102	107,114
<b>Fund Cash Balances, December 31</b>	<b>\$93,426</b>	<b>\$61,997</b>	<b>\$4,132</b>	<b>\$159,555</b>

*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, Adams County, Ohio (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. The Township contracts with the Village of West Union to provide fire 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 Township maintains funds in an interest-bearing checking account. Funds maintained in a non-expendable trust have been invested in Series HH Treasury Bonds. All deposits are valued at cost.

**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:

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

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

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

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

*Cemetery Fund* - This fund receives tax and intergovernmental money for the maintaining and repair of the cemetery property.

**3. Fiduciary Funds (Non-expendable Trust 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 had one nonexpendable trust fund during the audit period as a result of a cemetery bequest.

**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 carried over, and need not be re-appropriated. The Township did not record any encumbrances to the appropriation ledger when purchase orders were issued; however, a review was performed to determine the amount of encumbrances at year-end which were not recorded. As of December 31, 1999 and 1998, there were no material unrecorded encumbrances outstanding.

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.

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Township maintains a checking account 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>
Deposits		
Demand Deposits	\$231,855	\$155,423
Investments		
Series HH Treasury Bonds	<u>4,275</u>	<u>4,132</u>
Total Deposits and Investments	<u>\$236,130</u>	<u>\$159,555</u>

**A. Deposits**

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

**B. Investments**

Series HH Treasury Bonds are held as an investment for a non-expendable trust. The Township possesses the bonds in physical form.

**3. BUDGETARY ACTIVITY**

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$140,477	\$112,347	(\$28,130)
Special Revenue	<u>89,849</u>	<u>95,670</u>	<u>5,821</u>
Total	<u>\$239,326</u>	<u>\$208,017</u>	<u>(\$22,309)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$125,600	\$41,459	\$84,141
Special Revenue	<u>149,601</u>	<u>90,126</u>	<u>59,475</u>
Total	<u>\$275,201</u>	<u>\$131,585</u>	<u>\$143,616</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	\$78,572	\$80,777	\$2,205
Special Revenue	86,027	90,791	4,764
Total	\$164,599	\$171,568	\$6,969

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$84,678	\$51,266	\$33,412
Special Revenue	133,635	67,891	65,744
Total	\$218,313	\$119,157	\$99,156

**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 payments, 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**

Township 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 post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

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  
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

**7. PRIOR PERIOD ADJUSTMENT**

The fund balances of the General Fund and Special Revenue Funds has been restated due to a correction of an error. The effect of the restatement was to decrease the General Fund balance \$1,815 from \$65,730 to \$63,915 and to increase the Special Revenue Fund balance \$1,815 from \$37,282 to \$39,097 at January 1, 1998.

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

Liberty Township  
Adams County  
664 Deatley Road  
West Union, Ohio 45693

To the Board of Trustees:

We have audited the accompanying financial statements of Liberty Township, Adams County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 15, 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 one instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings as item 1999-40401-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 15, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 15, 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". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

June 15, 2000

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**1999-40401-001 (Compliance - Prior Certification of Funds)**

Ohio Rev. Code, Section 5705.41 (D), provides that a subdivision or taxing unit shall not make any contract or order involving the disbursement of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment.

This Section also provides two "exceptions" to the above requirements:

1. If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of amount due upon such contract within (30) days from the receipt of such certificate, if such disbursement is otherwise valid; and
2. If the amount involved is less than one thousand dollars (\$1,000.00), the fiscal officer may authorize it to be paid without affirmation of the Board of Trustees.

The Township used purchase orders and signed the Clerk's certification; however, the Township did not record any encumbrances to the appropriation ledgers when purchase orders were issued.





STATE OF OHIO  
OFFICE OF THE AUDITOR

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**LIBERTY TOWNSHIP**

**ADAMS 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  
JULY 18, 2000**