



**LIBERTY TOWNSHIP  
CRAWFORD COUNTY**

**REGULAR AUDIT**

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



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

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**STATE OF OHIO**



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**REPORT OF INDEPENDENT ACCOUNTANTS**

Liberty Township  
Crawford County  
P.O. Box 22  
Sulphur Springs, Ohio 44881

To the Board of Trustees:

We have audited the accompanying financial statements of Liberty Township, Crawford 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 described 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, Crawford 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 February 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 Section 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 11, 2000

**Liberty Township**



**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>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only) Total</u>
Cash receipts:			
Taxes	\$12,627	\$42,986	\$55,613
Charges for services	0	7,000	7,000
Intergovernmental receipts	50,612	67,316	117,928
Interest	1,707	1,141	2,848
Miscellaneous	889	1,323	2,212
<b>Total cash receipts</b>	<u>65,835</u>	<u>119,766</u>	<u>185,601</u>
Cash disbursements:			
Current:			
General government	40,627	0	40,627
Public safety	0	40,277	40,277
Public works	1,710	75,201	76,911
Health	4,785	0	4,785
Debt Service:			
Redemption of Principal	0	10,523	10,523
Interest and Fiscal Charges	0	3,225	3,225
<b>Total cash disbursements</b>	<u>47,122</u>	<u>129,226</u>	<u>176,348</u>
<b>Total cash receipts over/(under) cash disbursements</b>	18,713	(9,460)	9,253
Fund cash balances, January 1, 1999	<u>18,434</u>	<u>96,671</u>	<u>115,105</u>
Fund cash balances, December 31, 1999	<u><u>\$37,147</u></u>	<u><u>\$87,211</u></u>	<u><u>\$124,358</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>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only) Total</u>
Cash receipts:			
Taxes	\$12,715	\$57,562	\$70,277
Charges for services	0	6,500	6,500
Intergovernmental receipts	39,662	66,521	106,183
Interest	2,070	1,096	3,166
Miscellaneous	1,183	16,826	18,009
<b>Total cash receipts</b>	<u>55,630</u>	<u>148,505</u>	<u>204,135</u>
Cash disbursements:			
Current:			
General government	45,166	0	45,166
Public safety	0	44,156	44,156
Public works	1,903	85,531	87,434
Health	5,085	0	5,085
Debt Service:			
Redemption of Principal	0	9,854	9,854
Interest and Fiscal Charges	0	3,894	3,894
Capital outlay	0	10,024	10,024
<b>Total cash disbursements</b>	<u>52,154</u>	<u>153,459</u>	<u>205,613</u>
<b>Total cash receipts over/(under) cash disbursements</b>	<u>3,476</u>	<u>(4,954)</u>	<u>(1,478)</u>
Other financing receipts/(disbursements):			
Transfers-in	0	18,000	18,000
Transfers-out	(18,000)	0	(18,000)
<b>Total other financing receipts/(disbursements)</b>	<u>(18,000)</u>	<u>18,000</u>	<u>0</u>
<b>Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements</b>	<u>(14,524)</u>	<u>13,046</u>	<u>(1,478)</u>
<b>Fund cash balances, January 1, 1998</b>	<u>32,958</u>	<u>83,625</u>	<u>116,583</u>
<b>Fund cash balances, December 31, 1998</b>	<u><u>\$18,434</u></u>	<u><u>\$96,671</u></u>	<u><u>\$115,105</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, Crawford 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, cemetery maintenance, and fire protection. The Township contracts with Stofcheck Ambulance Services, Inc., to provide ambulance 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 its cash in a depository account.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash that is 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.

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

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

**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 unencumbered 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 reappropriated.

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.

**2. CASH**

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

	<u>1999</u>	<u>1998</u>
Deposits	<u>\$124,358</u>	<u>\$115,105</u>

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

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

**3. BUDGETARY ACTIVITY**

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

<b>1999 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,290	\$65,835	\$8,545
Special Revenue	97,340	119,766	22,426
Total	<u>\$154,630</u>	<u>\$185,601</u>	<u>\$30,971</u>

<b>1999 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$47,600	\$47,122	\$478
Special Revenue	191,200	129,226	61,974
Total	<u>\$238,800</u>	<u>\$176,348</u>	<u>\$62,452</u>

<b>1998 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,475	\$55,630	\$28,155
Special Revenue	138,333	166,505	28,172
Total	<u>\$165,808</u>	<u>\$222,135</u>	<u>\$56,327</u>

<b>1998 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$60,300	\$70,154	(\$9,854)
Special Revenue	211,700	153,459	58,241
Total	<u>\$272,000</u>	<u>\$223,613</u>	<u>\$48,387</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

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

**4. PROPERTY TAX (Continued)**

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 principal outstanding at December 31, 1999 is \$40,675.

The debt represents a promissory note for the construction of a fire department storage building. The note was originally issued for \$87,631. The note is being repaid in semiannual installments of \$6,874, including interest, over 9 years.

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

<u>Year ending December 31:</u>	<u>Storage Building Promissory Note</u>
2000	13,748
2001	13,748
2002	13,748
2003	4,901
Total	<u><u>\$46,145</u></u>

**6. RETIREMENT SYSTEMS**

The Township's officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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 participants' 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
- Errors and omissions

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

**8. COMPLIANCE**

The Township did not require contractors to agree to pay prevailing wages for the 1998 or 1999 Township road projects.

The Township utilized 'then and now' certificates to certify all expenditures. However, the Township did not always obtain the required legislative body approval to authorize 'then and now' certificates in excess of one-thousand dollars.

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

Liberty Township  
Crawford County  
P.O. Box 22  
Sulphur Springs, Ohio 44881

To the Board of Trustees:

We have audited the financial statements of Liberty Township, Crawford 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 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 the 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-40517-001 and 1999-40517-002. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated February 11, 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 February 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.

**JIM PETRO**  
Auditor of State

February 11, 2000

**SCHEDULE OF FINDINGS**

**DECEMBER 31, 1999 AND 1998**

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

<b>1999-40517-001</b>	
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**Prevailing Wages**

Ohio Rev. Code Sections 4115.04 and 4115.05 state the prevailing wage laws essentially require an entity to obtain the prevailing wages in their area for the types of labor required to complete the project that they are going to bid before such project is bid and again when the contract is awarded, if the award is made more than 90 days after the original prevailing wage is determined. They then need to make sure that the contractors who are awarded the contracts agree, in the contract, to pay the prevailing wage.

The Township did not require contractors to agree in the contract to pay prevailing wages for the 1998 or 1999 Township road projects.

We recommend that the Township require contractors to agree, in writing, to pay prevailing wages for all contracts involving labor.

<b>1999-40517-002</b>	
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**Certification by Fiscal Officer**

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or give any order involving the expenditure 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 process of collection to the credit of an appropriate fund free from any previous encumbrances. If no certificate is furnished as required, upon receipt by the taxing authority of a certificate of the fiscal officer stating that there was at the time of the making of such contract or order and at the time of the execution of such certificate a sufficient sum appropriated for the purpose of such contract and in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances, such taxing authority may authorize the drawing of a warrant in payment of amounts due upon such contract, but such resolution or ordinance shall be passed within thirty days from the receipt of such certificate; provided that if the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without such affirmation of the taxing authority.

The Township utilized 'then and now' certificates to certify all expenditures. However, in twenty-five percent of the transactions tested, the Township did not obtain the required legislative body approval to authorize 'then and now' certificates in excess of one-thousand dollars.

We recommend the Township obtain approval from the legislative body to authorize all 'then and now' certificates which exceed one thousand dollars.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**LIBERTY TOWNSHIP**

**CRAWFORD 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  
MARCH 28, 2000**