



**LIBERTY TOWNSHIP  
KNOX COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



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

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**STATE OF OHIO**



LIBERTY TOWNSHIP  
KNOX COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees  
Liberty Township  
Knox County  
11333 Campbell Road  
Mt. Vernon, Ohio 43050

To The Board of Trustees:

We have audited the accompanying financial statements of Liberty Township, Knox County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. 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 audits.

We conducted our audits 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 audits 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 audits provide 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 and reserve for encumbrances of Liberty Township, Knox County, Ohio as of December 31, 2000 and December 31, 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 February 28, 2001 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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.

**JIM PETRO**  
Auditor of State

February 28, 2001

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**LIBERTY TOWNSHIP  
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$18,242	\$62,774	\$8,075	\$89,091
Intergovernmental	33,219	74,879	0	108,098
Licenses, Permits, and Fees	5,634	3,750	0	9,384
Earnings on Investments	1,009	239	0	1,248
Other Revenue	395	3,904	0	4,299
	<u>58,499</u>	<u>145,546</u>	<u>8,075</u>	<u>212,120</u>
<b>Total Cash Receipts</b>				
	<u>58,499</u>	<u>145,546</u>	<u>8,075</u>	<u>212,120</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	33,492	0	0	33,492
Public Safety	0	53,125	0	53,125
Public Works	25,614	107,329	0	132,943
Health	1,746	12,486	0	14,232
Debt Service:				
Redemption of Principal	0	0	6,687	6,687
Interest and Fiscal Charges	0	0	1,557	1,557
Capital Outlay	17,161	12,348	0	29,509
	<u>78,013</u>	<u>185,288</u>	<u>8,244</u>	<u>271,545</u>
<b>Total Cash Disbursements</b>				
	<u>78,013</u>	<u>185,288</u>	<u>8,244</u>	<u>271,545</u>
<b>Total Receipts Over/(Under) Disbursements</b>	(19,514)	(39,742)	(169)	(59,425)
Fund Cash Balances, January 1, 2000	<u>38,741</u>	<u>78,190</u>	<u>8,422</u>	<u>125,353</u>
<b>Fund Cash Balances, December 31, 2000</b>	<u><b>\$19,227</b></u>	<u><b>\$38,448</b></u>	<u><b>\$8,253</b></u>	<u><b>\$65,928</b></u>

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

LIBERTY TOWNSHIP  
KNOX 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**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Local Taxes	\$15,316	\$55,630	\$8,422	\$0	\$79,368
Intergovernmental	30,668	71,916	0	0	102,584
Licenses, Permits, and Fees	3,017	2,675	0	0	5,692
Earnings on Investments	1,344	256	0	0	1,600
Other Revenue	192	3,442	0	0	3,634
<b>Total Cash Receipts</b>	<u>50,537</u>	<u>133,919</u>	<u>8,422</u>	<u>0</u>	<u>192,878</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	39,168	0	0	0	39,168
Public Safety	0	26,111	0	0	26,111
Public Works	4,775	83,741	0	0	88,516
Health	1,297	7,274	0	0	8,571
Capital Outlay	4,739	15,518	0	33,435	53,692
<b>Total Cash Disbursements</b>	<u>49,979</u>	<u>132,644</u>	<u>0</u>	<u>33,435</u>	<u>216,058</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>558</u>	<u>1,275</u>	<u>8,422</u>	<u>(33,435)</u>	<u>(23,180)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Notes	0	0	0	33,435	33,435
Sale of Fixed Assets	0	3,500	0	0	3,500
Other Sources	9	0	0	0	9
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>9</u>	<u>3,500</u>	<u>0</u>	<u>33,435</u>	<u>36,944</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	567	4,775	8,422	0	13,764
<b>Fund Cash Balances, January 1, 1999</b>	<u>38,174</u>	<u>73,415</u>	<u>0</u>	<u>0</u>	<u>111,589</u>
<b>Fund Cash Balances, December 31, 1999</b>	<u><u>\$38,741</u></u>	<u><u>\$78,190</u></u>	<u><u>\$8,422</u></u>	<u><u>\$0</u></u>	<u><u>\$125,353</u></u>
<b>Reserve for Encumbrances, December 31, 1999</b>	<u>\$186</u>	<u>\$255</u>	<u>\$0</u>	<u>\$0</u>	<u>\$441</u>

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



**LIBERTY TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Liberty Township, Knox 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, fire protection and emergency medical services. The Township contracts with Hilliar Township to provide fire services and 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**

The Township maintains an interest bearing checking account.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash that is restricted as to its 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.

Fire District Fund - This fund receives special levy monies collected by the County for the protection of Township residents.

**LIBERTY TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

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

**D. Fund Accounting (Continued)**

**3. Debt Service Fund**

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township utilizes this fund to account for the payment of the equipment acquisition notes.

**4. Capital Project Fund**

The Capital Projects Fund is 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). The Township had the following significant Capital Project Fund:

Capital Equipment Fund - This fund received note proceeds. The proceeds were used to finance a new dump truck.

**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 and 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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 2000 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.

**LIBERTY TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

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

**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.

**2. EQUITY IN POOLED 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><b>2000</b></u>	<u><b>1999</b></u>
Demand deposits	<u>\$65,928</u>	<u>\$125,353</u>

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

<b>2000 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,318	\$58,499	\$5,181
Special Revenue	140,740	145,546	4,806
Debt Service	8,075	8,075	0
Total	<u>\$202,133</u>	<u>\$212,120</u>	<u>\$9,987</u>

<b>2000 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$92,059	\$78,013	\$14,046
Special Revenue	213,025	185,288	27,737
Debt Service	16,498	8,244	8,254
Total	<u>\$321,582</u>	<u>\$271,545</u>	<u>\$50,037</u>

**LIBERTY TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**3. BUDGETARY ACTIVITY (Continued)**

<b>1999 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$49,070	\$50,546	\$1,476
Special Revenue	134,983	137,419	2,436
Debt Service	0	8,422	8,422
Capital Projects	33,435	33,435	0
Total	\$217,488	\$229,822	\$12,334

<b>1999 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$87,244	\$50,165	\$37,079
Special Revenue	208,398	132,899	75,499
Capital Projects	33,435	33,435	0
Total	\$329,077	\$216,499	\$112,578

**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.

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Equipment Acquisition Notes	\$26,748	5%

**LIBERTY TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**5. DEBT (Continued)**

The Equipment Acquisition Notes were issued to finance the purchase of a new dump truck to be used for Township road maintenance. The notes are collateralized solely by the dump truck.

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

Year ending December 31:	Equipment Acquisition Note
2001	8,075
2002	7,728
2003	7,381
2004	<u>7,034</u>
Total	<u><u>\$30,218</u></u>

**6. RETIREMENT SYSTEMS**

All employees 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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. In 1999, the Township contributed an amount equal to 13.55% of participants' gross salaries. In 2000, the average employers' contribution rate was 10.84% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public Official's Liability

The Township also provides health insurance 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**

Board Of Trustees  
Liberty Township  
Knox County  
11333 Campbell Road  
Mt. Vernon, Ohio 43050

To the Board of Trustees:

We have audited the accompanying financial statements of Liberty Township, Knox County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated February 28, 2001. We conducted our audits 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 audits 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 audits, 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 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 28, 2001.

Liberty Township  
Knox County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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 28, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**LIBERTY TOWNSHIP**

**KNOX 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 22, 2001**