



Dave Yost • Auditor of State

Declaration of Fiscal Caution

Pursuant to Section 118.025(A), Revised Code, the Auditor of State developed guidelines for identifying fiscal practices and budgetary conditions that, if uncorrected, could result in a future declaration of a fiscal watch or fiscal emergency of a municipal corporation, county, or township. If the Auditor of State determines that a municipal corporation, county, or township is engaging in any of those practices or that any of those conditions exist, the Auditor of State may declare a municipal corporation, county, or township to be in a state of Fiscal Caution.

The Auditor of State's guidelines for a declaration of fiscal caution include (1) unauditible financial records; (2) significant deficiencies, material weaknesses, direct and material noncompliance as disclosed in the financial audit; (3) deficit fund balances; (4) a carryover fund balance of less than one month's average expenditures for two consecutive years, and (5) a failure to reconcile accounting journals and ledgers with the treasury.

Based on a review of the 2010 and 2011 audited financial statements, Liberty Township (Trumbull County) meets the following fiscal caution condition:

Significant deficiencies, material weaknesses, and direct and material noncompliance with Ohio law as disclosed in its financial audit including the following:

1. Expending \$85,304 from the Police District Fund and \$161,388 from the Fire District Fund to pay debt obligations of the General Fund and the 911 Communication Fund, contrary to Ohio Revised Code 5705.10(H);
2. Making fund balance adjustments of \$35,700 from the Police District Fund and \$20,000 from the Fire District Fund to the 911 Communication Fund to pay operating costs of the Telecommunications Center. However, no fund balance adjustments were made out of the General Fund to pay their share of operating cost, nor were the fund balance adjustments made in accordance with Liberty Township Board of Trustee' Resolution 2004-064; and.
3. The Township has not repaid all the findings for adjustment noted in the 2008-2009 audit report which would have decreased the general fund cash balance by \$190,160 and increased the cash fund balance of the Special Revenue Fund Type by \$190,160.
4. The General Fund balance of the Township would be (\$313,110) as of December 31, 2011 if all the adjustments from the audit were made.

Accordingly, the Auditor of State hereby declares Liberty Township to be in a state of Fiscal Caution under Section 118.025(A) of the Ohio Revised Code. A copy of this declaration is being submitted to Patrick Ungaro, Township Administrator, Jodi Stoyak, Jason Rubin, Stanley Nudell, Liberty Township Board of Trustees and John Fusco, Fiscal Officer.

A handwritten signature in blue ink that reads "Dave Yost".

Dave Yost
Auditor of State
October 3, 2013