



**LIBERTY TOWNSHIP  
VAN WERT 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  
VAN WERT COUNTY

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Liberty Township  
Van Wert County  
13695 Richey Road  
Van Wert, OH 45891

To the Board of Trustees:

We have audited the accompanying financial statements of Liberty Township, Van Wert County (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 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, 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 April 25, 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 the audit committee, 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.

**Jim Petro**  
Auditor of State

April 25, 2001

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**LIBERTY TOWNSHIP  
VAN WERT 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**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$10,812	\$43,491	\$54,303
Intergovernmental	54,342	72,772	127,114
Licenses, Permits, and Fees	205	10,568	10,773
Earnings on Investments	2,575	1,059	3,634
Other Revenue	109	670	779
 Total Cash Receipts	 68,043	 128,560	 196,603
<b>Cash Disbursements:</b>			
Current:			
General Government	37,415		37,415
Public Safety	1,792	11,463	13,255
Public Works		81,253	81,253
Health	6,689	11,336	18,025
Capital Outlay	9,150	64,624	73,774
 Total Cash Disbursements	 55,046	 168,676	 223,722
 Total Receipts Over/(Under) Disbursements	 12,997	 (40,116)	 (27,119)
<b>Other Financing Receipts:</b>			
Proceeds from Loans		40,000	40,000
Other Sources		4,040	4,040
 Total Other Financing Receipts	 0	 44,040	 44,040
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	 12,997	 3,924	 16,921
 Fund Cash Balances, January 1	 53,097	 67,124	 120,221
 <b>Fund Cash Balances, December 31</b>	 \$66,094	 \$71,048	 \$137,142

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

**LIBERTY TOWNSHIP  
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>Fiduciary Fund Type</b>
	<b>Nonexpendable Trust</b>
<b>Operating Cash Receipts:</b>	
Interest	\$21
<b>Operating Cash Disbursements:</b>	
Supplies and Materials	22
Operating Income/(Loss)	(1)
Fund Cash Balance, January 1	521
<b>Fund Cash Balance, December 31</b>	<b>\$520</b>

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



**LIBERTY TOWNSHIP  
VAN WERT 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	\$9,387	\$39,778	\$49,165
Intergovernmental	57,318	72,675	129,993
Licenses, Permits, and Fees	490	9,305	9,795
Earnings on Investments	2,119	935	3,054
Other Revenue	30		30
 Total Cash Receipts	 69,344	 122,693	 192,037
<b>Cash Disbursements:</b>			
Current:			
General Government	28,713		28,713
Public Safety	1,379	11,464	12,843
Public Works		101,715	101,715
Health	6,675	10,539	17,214
Capital Outlay		1,542	1,542
 Total Cash Disbursements	 36,767	 125,260	 162,027
 Total Receipts Over/(Under) Disbursements	 32,577	 (2,567)	 30,010
<b>Other Financing Receipts:</b>			
Other Sources		6,390	6,390
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	 32,577	 3,823	 36,400
 Fund Cash Balances, January 1	 20,520	 63,301	 83,821
 <b>Fund Cash Balances, December 31</b>	 <b>\$53,097</b>	 <b>\$67,124</b>	 <b>\$120,221</b>

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

LIBERTY TOWNSHIP  
VAN WERT COUNTY

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

	<u>Fiduciary Fund Type</u>
	<u>Nonexpendable Trust</u>
<b>Operating Cash Receipts:</b>	
Interest	\$23
<b>Operating Cash Disbursements:</b>	
Supplies and Materials	<u>23</u>
Operating Income/(Loss)	0
Fund Cash Balance, January 1	<u>521</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$521</u></u>

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

**LIBERTY TOWNSHIP  
VAN WERT COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Liberty Township, Van Wert 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, and fire protection. The Township contracts with the Village of Ohio City 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**

Certificates of deposit 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:

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.

**LIBERTY TOWNSHIP  
VAN WERT COUNTY**

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

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

**D. Fund Accounting (Continued)**

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

These funds are used to account for resources restricted by legally binding trust agreements.

Cemetery Bequest Fund - This fund receives interest for the maintenance and flowers for graves.

**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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus encumbered 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. The Township did not use the encumbrance method of accounting.

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.

**G. Unpaid Sick Leave**

Employees are entitled to cash payments for unused sick leave in certain circumstances, such as upon leaving employment. Unpaid sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**LIBERTY TOWNSHIP  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(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>2000</u>	<u>1999</u>
Demand deposits	\$4,011	\$4,541
Certificates of deposit	<u>500</u>	<u>500</u>
Total deposits	<u>4,511</u>	<u>5,041</u>
Repurchase Agreements	<u>133,151</u>	<u>115,701</u>
Total investments	<u>133,151</u>	<u>115,701</u>
Total deposits and investments	<u><u>\$137,662</u></u>	<u><u>\$120,742</u></u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) 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:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$67,907	\$68,043	\$136
Special Revenue	167,653	172,600	4,947
Fiduciary	<u>21</u>	<u>21</u>	<u>0</u>
Total	<u><u>\$235,581</u></u>	<u><u>\$240,664</u></u>	<u><u>\$5,083</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$121,006	\$55,046	\$65,960
Special Revenue	235,276	168,676	66,600
Fiduciary	<u>542</u>	<u>22</u>	<u>520</u>
Total	<u><u>\$356,824</u></u>	<u><u>\$223,744</u></u>	<u><u>\$133,080</u></u>

**LIBERTY TOWNSHIP  
VAN WERT COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$67,587	\$69,344	\$1,757
Special Revenue	122,164	129,083	6,919
Fiduciary	23	23	0
Total	<u>\$189,774</u>	<u>\$198,450</u>	<u>\$8,676</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$88,107	\$36,767	\$51,340
Special Revenue	185,464	125,260	60,204
Fiduciary	544	23	521
Total	<u>\$274,115</u>	<u>\$162,050</u>	<u>\$112,065</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.

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
Community First Bank Loan	\$40,000	5.5%
Total	<u>\$40,000</u>	

The Community First Bank Loan was issued to finance the purchase of a new truck to be used for Township snow removal.

**LIBERTY TOWNSHIP  
VAN WERT COUNTY**

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

**5. DEBT (Continued)**

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

Year ending December 31:	\$40,000 Bank Loan
2001	11,163
2002	11,163
2003	11,163
2004	9,303
Total	<u>\$42,792</u>

**6. RETIREMENT SYSTEMS**

The Township's elected officials and employee 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. The Township contributed an amount equal to 13.55% of participants' gross salaries for January 1999 through June 2000 and an amount equal to 8.13% of participants' gross salaries for July 2000 through December 2000. 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 legal liability
- Vehicles
- Wrongful acts

The Township is a member of a pooled insurance group that provides coverage for real property, building contents and vehicles under the terms and conditions required by the pool. Risk sharing certificates are provided in the form of intergovernmental contracts between the Township and the Ohio Township Association Risk Management Authority (OTARMA). OTARMA administers the pool and upon execution of the contract, the Township pays the annual membership contribution fee. Real property and contents were inspected by OTARMA and are covered for the amount of the repair or replacement within the limits outlined on the statement of value provided as part of the risk sharing certificate.

The Township also provides health insurance, cancer and intensive care insurance, disability insurance, life insurance, and dental and vision coverage to the elected officials and employee through private carriers.

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

Liberty Township  
Van Wert County  
13695 Richey Road  
Van Wert, OH 45891

To the Board of Trustees:

We have audited the accompanying financial statements of Liberty Township, Van Wert County (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated April 25, 2001. 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, and contracts, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 25, 2001.

**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 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 April 25, 2001.

Liberty Township  
Van Wert 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 the audit committee, 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

April 25, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**LIBERTY TOWNSHIP**

**VAN WERT 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  
MAY 24, 2001**