



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

---

**STATE OF OHIO**



**LIBERTY TOWNSHIP  
ROSS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2001 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types and Expendable Trust Fund For the Year Ended December 31, 2000 .....	4
Notes to the Financial Statements .....	5
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11

**THIS PAGE INTENTIONALLY LEFT BLANK**



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

**JIM PETRO, AUDITOR OF STATE**

35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

**REPORT OF INDEPENDENT ACCOUNTANTS**

Liberty Township  
Ross County  
34892 US Highway 50  
Londonbery, Ohio 45647-0151  
To the Board of Trustees:

We have audited the accompanying financial statements of Liberty Township, Ross County, Ohio (the Township) as of and for the years ended December 31, 2001 and December 31, 2000. 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 auditing standards generally accepted in the United States of America 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Liberty Township, Ross County, Ohio as of December 31, 2001 and December 31, 2000 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 May 8, 2002 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 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.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**JIM PETRO**  
Auditor of State

May 8, 2002

**LIBERTY TOWNSHIP  
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$20,981	\$129,949	\$4,710	\$0	\$155,640
Intergovernmental	60,887	83,797	0	0	144,684
Licenses, Permits, and Fees	360	15,350	0	0	15,710
Earnings on Investments	9,447	751	1,338	7,481	19,017
Other Receipts	2,236	13,609	0	0	15,845
	<u>93,911</u>	<u>243,456</u>	<u>6,048</u>	<u>7,481</u>	<u>350,896</u>
<b>Total Cash Receipts</b>					
	<u>93,911</u>	<u>243,456</u>	<u>6,048</u>	<u>7,481</u>	<u>350,896</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	83,368	0	0	0	83,368
Public Safety	0	40,269	0	0	40,269
Public Works	4,849	89,040	0	0	93,889
Health	0	36,513	0	0	36,513
Debt Service:					
Redemption of Principal	0	0	503,690	0	503,690
Interest and Fiscal Charges	0	0	15,638	0	15,638
Capital Outlay	0	5,095	0	447,320	452,415
	<u>88,217</u>	<u>170,917</u>	<u>519,328</u>	<u>447,320</u>	<u>1,225,782</u>
<b>Total Cash Disbursements</b>					
	<u>88,217</u>	<u>170,917</u>	<u>519,328</u>	<u>447,320</u>	<u>1,225,782</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>5,694</u>	<u>72,539</u>	<u>(513,280)</u>	<u>(439,839)</u>	<u>(874,886)</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Bonds	0	9,000	514,618	16,382	540,000
Sale of Notes	0	0	0	500,000	500,000
Transfers-In	0	88,226	0	0	88,226
Tranfers-Out	(11,683)	0	0	(76,543)	(88,226)
	<u>(11,683)</u>	<u>97,226</u>	<u>514,618</u>	<u>439,839</u>	<u>1,040,000</u>
<b>Total Other Financing Receipts/(Disbursements)</b>					
	<u>(11,683)</u>	<u>97,226</u>	<u>514,618</u>	<u>439,839</u>	<u>1,040,000</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	(5,989)	169,765	1,338	0	165,114
<b>Fund Cash Balances, January 1</b>	30,738	177,072	0	0	207,810
<b>Fund Cash Balances, December 31</b>	<u><u>\$24,749</u></u>	<u><u>\$346,837</u></u>	<u><u>\$1,338</u></u>	<u><u>\$0</u></u>	<u><u>\$372,924</u></u>

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

**LIBERTY TOWNSHIP  
ROSS COUNTY**

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Local Taxes	\$20,109	\$73,988	\$4,694	\$0	\$0	\$98,791
Intergovernmental	64,726	81,725	0	0	0	146,451
Licenses, Permits, and Fees	140	10,675	0	0	0	10,815
Earnings on Investments	11,798	1,047	0	0	0	12,845
Other Receipts	774	8,808	0	0	5,000	14,582
<b>Total Cash Receipts</b>	<b>97,547</b>	<b>176,243</b>	<b>4,694</b>	<b>0</b>	<b>5,000</b>	<b>283,484</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	78,568	434	0	0	5,000	84,002
Public Safety	0	25,497	0	0	0	25,497
Public Works	3,988	70,424	0	0	0	74,412
Health	0	42,424	0	0	0	42,424
Debt Service:						
Redemption of Principal	0	0	3,690	0	0	3,690
Interest and Fiscal Charges	0	0	1,007	0	0	1,007
Capital Outlay	11,625	35,300	0	0	0	46,925
<b>Total Cash Disbursements</b>	<b>94,181</b>	<b>174,079</b>	<b>4,697</b>	<b>0</b>	<b>5,000</b>	<b>277,957</b>
Total Receipts Over/(Under) Disbursements	3,366	2,164	(3)	0	0	5,527
<b>Other Financing Receipts and (Disbursements):</b>						
Proceeds from Sale of Public Debt:						
Sale of Bonds	0	0	0	0	0	0
Sale of Notes	0	0	0	0	0	0
Transfers-In	0	6,000	0	0	0	6,000
Transfers-Out	(6,000)	0	0	0	0	(6,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(6,000)</b>	<b>6,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,634)	8,164	(3)	0	0	5,527
Fund Cash Balances, January 1	33,372	168,908	3	0	0	202,283
<b>Fund Cash Balances, December 31</b>	<b>\$30,738</b>	<b>\$177,072</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$207,810</b>

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



**LIBERTY TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Liberty Township, Ross 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical 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**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Repurchase agreements are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**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.

**LIBERTY TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**D. Fund Accounting (Continued)**

**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.

*Cemetery Fund*- This fund receives tax money for maintaining the cemetery.

*Fire Fund*- This fund receives tax money and grants to continue to provide fire services to the Township.

*Special Levy Fund*- This fund receives tax money for maintaining and paying off the debt for the new fire station.

**3. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township is paying the debt for the new fire station.

**4. Capital Project Fund**

These funds are 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 accounted for the construction of a new fire station within this fund.

**5. Fiduciary Fund ( Trust)**

This fund is 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 received the David Meade Masse Grant in fiscal year 2000. These monies were used to construct a new roof on the township hall.

**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 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.

**LIBERTY TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**E. Budgetary Process (Continued)**

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts). 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 canceled, and re-appropriated in the subsequent year.

A summary of 2001 and 2000 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. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**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:

	2001	2000
Demand deposits	36,136	300
Total deposits	36,136	300
STAR Ohio	336,788	188,420
Repurchase agreement	0	19,090
Total investments	336,788	207,510
Total deposits and investments	\$372,924	\$207,810

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

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**LIBERTY TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$94,789	\$93,911	(\$878)
Special Revenue	325,884	340,682	14,798
Debt Service	520,666	520,666	0
Capital Projects	523,863	523,863	0
Total	<u>\$1,465,202</u>	<u>\$1,479,122</u>	<u>\$13,920</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$125,527	\$99,900	\$25,627
Special Revenue	401,703	170,917	230,786
Debt Service	519,328	519,328	0
Capital Projects	523,863	523,863	0
Total	<u>\$1,570,421</u>	<u>\$1,314,008</u>	<u>\$256,413</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$88,867	\$97,547	\$8,680
Special Revenue	184,620	182,243	(2,377)
Debt Service	4,694	4,694	0
Fiduciary	5,000	5,000	0
Total	<u>\$283,181</u>	<u>\$289,484</u>	<u>\$6,303</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$122,239	\$100,181	\$22,058
Special Revenue	353,528	174,079	179,449
Debt Service	4,696	4,696	0
Fiduciary	5,000	5,000	0
Total	<u>\$485,463</u>	<u>\$283,956</u>	<u>\$201,507</u>

**LIBERTY TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**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, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Series 2001	\$540,000	5%
Tractor/Mower/Loader	14,760	6%
Total	<u>\$554,760</u>	

The general obligation bonds were issued to pay the note issued in 2001 for the construction of the fire station. The bonds are collateralized solely by the Township's taxing authority.

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

	<u>Tractor/Mower /Loader Loan</u>	<u>Fire Station Bonds</u>
Year ending December 31:		
2002	4,506	46,755
2003	4,302	41,275
2004	4,098	45,825
2005	3,894	45,105
2006	0	44,305
2007-2011	0	217,965
2012-2016	0	222,425
2017-2021	0	222,175
Total	<u>\$16,800</u>	<u>\$885,830</u>

**LIBERTY TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions
- Blanket bonds



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

Liberty Township  
Ross County  
34892 US Highway 50  
Londonberry, Ohio 45647-0151

To the Board of Trustees:

We have audited the accompanying financial statements of Liberty Township, Ross County, Ohio (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated May 8, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 no instance of noncompliance that is required to be reported under *Government Auditing Standards*.

**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.

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

This report is intended solely 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long horizontal stroke extending to the right.

**JIM PETRO**  
Auditor of State

May 8, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**LIBERTY TOWNSHIP**

**ROSS 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  
JUNE 25, 2002**