

**Liberty Township Board of Auditors
39 Topper Road
Fairfield, PA 17320**

February 26, 2004

Board of Auditors
Sandie Schultz, Chairman
Nanette Hatzes
Robert Jackson, Secretary

Board of Supervisors
Liberty Township
39 Topper Road
Fairfield, PA 17320

Dear Mr. Harner, Mr. Miller, and Mr. Sites:

In accordance with the laws of the State of Pennsylvania and the ordinances of Liberty Township, we have conducted an audit of the records and practices of Liberty Township during the year 2003. We are pleased to report that all of the records are complete and accurate with no material misstatements. The new accounting software has provided information that allowed the audit to be completed in an efficient and timely manner.

All required information on tax revenues was furnished by Natalie Williams and has been verified by an independent county audit.

Based on our audit, we would like to make the following observations and recommendations.

1. Time sheets should have a formal approval in form of initials by the supervisor each day. The recent appointment of a roadmaster should facilitate the approval procedure in the future.
2. The Township Code requires approval in advances for all equipment expenditures in excess of \$300.00. During the year a pistol was purchased for approximately \$500 without the necessary formal authorization.
3. A formal inventory of Township assets should be maintained. We recommend that this asset list be compiled during the upcoming year before review at the next audit.

4. A formal written internal control procedure is recommended (but not mandated) by the State of Pennsylvania. The Governor's Center for Local Government Service commented that few townships our size has a formal internal control procedure. Such a written procedure would be helpful in safeguarding township assets and in providing guidance for new township employees. In the year ahead, the Board of Auditors will provide assistance in the formal documentation of internal control procedures.

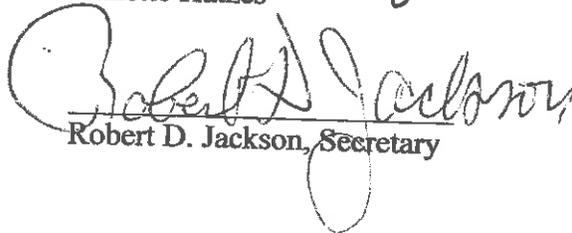
5. During the past year the Township Planning Commission spent several thousand dollars for engineering services in connection with proposed development projects. These services are required by Township ordinance and have been authorized in a general way by the Township Supervisors. A more formal charge to the Planning Commission, including specific expenditure authorization, is being prepared by the Supervisors at the present time.

We would like to express our appreciation for the cooperation received during this audit and we would like to commend the Supervisors and the Township Secretary/Treasurer for the maintenance of proper records during the past year. As a relatively small township, we cannot expect the degree of formality maintained by some of the larger townships, however our township is making good progress in developing improved procedures.

Respectively submitted,


Sandie Schultz, Chairman


Nanette Hatzes


Robert D. Jackson, Secretary

Board of Auditors

Sandie Schultz, Chairman

Nanette Hatzes

Robert Jackson, Secretary

Elected Controller's/Auditor's Certified Opinion

Governing Body of the County
President Judge of the Court of Common Pleas
Secretary of the Department of Community and Economic Development

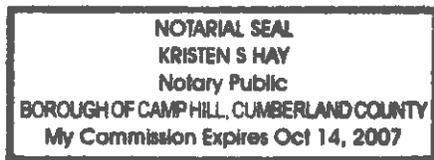
~~I/~~ We, * the undersigned, the duly elected (or appointed replacement), qualified, and acting ~~controller/~~ auditors* of the TOWNSHIP of LIBERTY have audited, adjusted, and settled the various funds and account groups of the TOWNSHIP of LIBERTY for the year ended December 31, 2003. ~~My/~~ Our* audit, adjustment, and settlement was made in accordance with law rather than with generally accepted auditing standards.

(PLEASE CROSS OUT ONLY IF ON MODIFIED ACCRUAL/ACCRUAL BASIS)

This municipality's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures or expenses are recognized when paid rather than when a liability is incurred. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations of this municipality in conformity with generally accepted accounting principles.

These financial statements do not include all of the disclosures required by generally accepted accounting principles.

In ~~my/~~ our* opinion, the aforementioned financial statements present the financial position of the various funds and account groups of the TOWNSHIP of LIBERTY at December 31, 2003, and the results of operations of such funds for the year then ended in accordance with the law.



Signed:

Sandra A. Schell
Manette M. Hayes

~~Controller / Auditor*~~

Subscribed and sworn to before

Me this 9 day of July, 2004.

Signed:

Kristen S Hay

(SEAL)

Independent PA's and CPA's may submit their own opinion in lieu of this page.

***Cross out One**

FILE COPY

**LIBERTY TOWNSHIP BOARD OF SUPERVISORS
39 TOPPER ROAD; FAIRFIELD, PA 17320
717-642-3780**

September 21, 2004

Board of Auditors
Liberty Township
39 Topper Road
Fairfield, PA 17320

Ref: (a) Liberty Township Board of Auditors lt. of 26 February 2004
(b) Paul Harner memo of 17 February, 2004

Dear Ms. Hatzes, Mrs. Schultz and Mr. Jackson

We appreciate the effort you have put forth in the audit and are glad to see that all "records are complete and accurate with no material misstatements". Regarding the observations and recommendations of the reference (a) letter:

1. Time sheet approval: Unfortunately, our roadmaster is not able to work each day and approve each time sheet. Therefore, it is our intention to approve the time sheets of our road crew at each payroll period. There will be spot checks made during the week and times verified.
2. Expenditures greater than \$300.00: Advance approval will be made for all expenditures in excess of \$300.00. All employees are now aware of this requirement.
3. Inventory of Township assets: An inventory of all township assets is scheduled to be complete by October.
4. Internal Controls: We have recently published an Employees Handbook which we feel will provide better guidance in the personnel area. However, we understand the need for improved work processes and would appreciate your review and help.
5. Township Planning Commission engineering services: In reference (b), Mr. Harner indicated that a memorandum will be sent to the Planning commission that indicates it is an advisory board which operates in accordance with the Municipal Planning Code and the township's ordinances. Unfortunately, this was not done but will be done within the next five days. This memorandum will also indicate that the Planning Commission has an assigned budget within the 2004 budget and is expected to operate within that budget.

Again, we appreciate your review and your recommendations and hope that this response to your recommendations is satisfactory.

Respectfully,

Paul Harner, Chairman



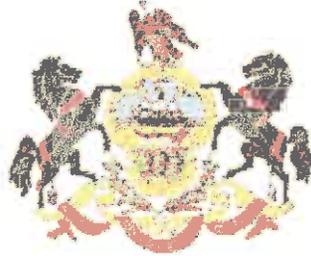
Peter Foscatto



John Miller



Commonwealth of Pennsylvania



**Annual Audit
and
Financial Report**

TOWNSHIP of LIBERTY, ADAMS County

**for the year
2003**



Who is to file

Cities - Director of Accounts and Finance

Boroughs - Elected Auditors, Independent Auditor, or Controller

First Class Townships - Elected Auditors, Independent Auditor, or Controller

Second Class Townships - Elected Auditors, Independent Auditor

Home Rule Communities - In accordance with charter

Where to file

Cities:

DCED
City Council

Deadline

March 1
Stated Meeting
during March

Boroughs and Townships:

DCED
Clerk of Courts or Prothonotary
Municipal Secretary

April 1
April 1
April 1

Home Rule Communities:

DCED
Other entities - In accordance with charter

April 1

**Department of Community and Economic Development
Governor's Center for Local Government Services
Commonwealth Keystone Building**

**100 North Street, 4th Floor
Harrisburg, PA 17120-0225**

1-800-222-1687

717-787-8169

Beginning Balance *(for informational purposes only)*

The January 1st, 2003 beginning balance for the TOWNSHIP of LIBERTY is: \$ 42,686

Balance Sheet December 31st, 2003

Assets and Other Debts	Governmental Funds					Proprietary Funds			Fiduciary Funds		Account Groups		Total
	General Fund	Special Revenue (including State Fund Funds)	Open/Project	Dist. Services	Enterprise	Internal Services	Trust and Agency	General/Restricted Assets	Capital Long Term Debt	Membership Only			
100-120 Cash and Investments	\$ 52,930												
100-144 Tax Receivable		\$ 41,000											
121-167 Accounts Receivable (excluding taxes)													
149-159 Other Current Assets													
160-165 Fixed Assets													
180-195 Other Debts													
Total Assets and Other Debts	\$ 52,930	\$ 41,000											\$ 93,930

Total Assets \$ 93,930

Liabilities and Other Credits	Governmental Funds					Proprietary Funds			Fiduciary Funds		Account Groups		Total
	General Fund	Special Revenue (including State Fund Funds)	Open/Project	Dist. Services	Enterprise	Internal Services	Trust and Agency	General/Restricted Assets	Capital Long Term Debt	Membership Only			
210-220 Payroll Taxes & Other Payroll Withholdings													
220-229 All other Current Liabilities													
260-269 Long-Term Liabilities													
Other Credits													
Total Liabilities and Other Credits													

Total Liabilities \$ -

Fund and Account Group Equity		Total												
281-284 Contributed Capital														
290 Investments in General Fund Assets	\$ 52,930													
271-280 Fund Balance/Residual Earnings 12/31		\$ 41,000												
Total Fund and Account Group Equity	\$ 52,930	\$ 41,000												\$ 93,930

Total Liabilities and Fund and Account Group Equity \$ 93,930

Statement of Revenues and Expenditures

	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	General Fund	Special Revenue (including State Local Taxes)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	
Revenues								
Total Revenues	\$ 276,124	\$ 42,252	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 318,376

Expenditures								
General Government								
400.00	Legislative/Governing Body	\$ 4,755						\$ 4,755
401.00	Executive/Manager or Mayor	895						895
402.00	Auditing Services/Bookkeeping Services	4,291						4,291
403.00	Tax Collection	11,609						11,609
404.00	Solicitor/Legal Services	4,753						4,753
405.00	Secretary/Clerk	10,297						10,297
406.00	Other General Government Administration	31,789						31,789
408.00	Engineering Services	6,688						6,688
409.00	General Government Buildings and Plant	85,077						85,077
	Total General Government	\$ 158,748	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 158,748

Public Safety								
410.00	Police	\$ 39,663						\$ 39,663
411.00	Fire	9,512						9,512
412.00	Ambulance/Rescue							
413.00	Protective Inspection							
414.00	Planning and Zoning	7,295						7,295
415.00	Emergency Management	1,000						1,000
419.00	Gen'l Public Safety	77,470						77,470
	Total Public Safety	\$ 125,940	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,940

Health and Human Services								
420.00	Health and Human Services	\$ 1,263						\$ 1,263

Public Works - Sanitation								
426.00	Recycling Collection and Disposal							
427.00	Solid Waste Collection and Disposal							
429.00	Wastewater/Sewage Collection and Treatment							
	Total Public Works - Sanitation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Public Works - Highways and Streets								
430.00	General Services	\$ 30,541						\$ 30,541
431.00	Cleaning of Streets							
432.00	Winter Maintenance	2,415						2,415
433.00	Traffic Control Devices	560						560
434.00	Street Lighting							
435.00	Sidewalks and Crosswalks							
436.00	Storm Sewers and Drains							
437.00	Repairs of Tools and Machinery	5,637	968					6,605

Statement of Revenues and Expenditures

	Governmental Funds				Proprietary Funds			Fiduciary Fund Type	Total
	General Fund	Special Revenue (Including State Local Debt)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memoranda City	
Revenues									
482.00	Judgments and Liens								\$ -
493.00	Pension/Retirement Fund Contributions								\$ -
484.00	Workers Compensation	11,689							\$ 11,689
485.00	Unemployment Compensation	206							\$ 206
486.00	Insurance Premiums	16,810							\$ 16,810
487.00	Employee Benefits Not allocated to Specific Functions								\$ -
489.00	Other Miscellaneous Expenditures								\$ -
	Total Miscellaneous Expenditures	\$ 39,455	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,455

Other Financing Uses		Total Expenditures		Excess/Deficit of Revenues Over Expenditures	
491.00	Refunds of Prior Year Revenues	36			\$ 36
492.00	Interfund Operating Transfers				\$ -
493.00	Other Financing Uses	36			\$ 36
	Total Other Financing Uses	\$ 72	\$ -	\$ -	\$ 72
	Total Expenditures	\$ 2,56,933	\$ 9,499	\$ -	\$ 266,432
	Excess/Deficit of Revenues Over Expenditures	\$ 19,191	\$ 32,753	\$ -	\$ 51,944

Elected Controller's/Auditor's Certified Opinion

Governing Body of the County
President Judge of the Court of Common Pleas
Secretary of the Department of Community and Economic Development

~~I/~~ We, * the undersigned, the duly elected (or appointed replacement), qualified, and acting controller / auditors* of the TOWNSHIP of LIBERTY have audited, adjusted, and settled the various funds and account groups of the TOWNSHIP of LIBERTY, for the year ended December 31, 2003. ~~My /~~ Our* audit, adjustment, and settlement was made in accordance with law rather than with generally accepted auditing standards.

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In ~~my /~~ our* opinion, the aforementioned financial statements present the financial position of the various funds and account groups of the TOWNSHIP of LIBERTY at December 31, 2003, and the results of operations of such funds for the year then ended in accordance with the law.



Signed: *Sandra H. Schulz*
Nanette Datzes / auditor
Controller / Auditor*

Subscribed and sworn to before
Me this 31st day of
March, 2004.

Signed: *Kristen Hay*

(SEAL)

MUNICIPAL FILING INFORMATION

Any local government which files its financial information with the Department of Community and Economic Development, as required by section 1003 of the Act of June 24, 1931 (P.L. 1206, No. 331), reenacted and amended on May 27, 1949 (P.L. 1955, No. 569), as amended; section 904 of the Act of May 1, 1933 (P.L. 103, No. 69), reenacted and amended on November 9, 1995 (P.L. 350, No. 60), as amended; section 1812 of the Act of June 23, 1931 (P.L. 932, No. 317), reenacted and amended on June 28, 1951 (P.L. 662, No. 164), as amended; section 1041 of the Act of February 1, 1966 (1965 P.L. 1656, No. 581), as amended; or other applicable statute, in an electronic format shall be deemed by the Department of Community and Economic Development to have complied with any requirements that such information be signed and verified by oath.