

**2016 MUNICIPAL ANNUAL AUDIT  
AND  
FINANCIAL REPORT**

**010635 LIBERTY TWP, ADAMS COUNTY**



## LIBERTY TWP, ADAMS County

## BALANCE SHEET

December 31, 2016

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
<b>Liabilities and Other Credits</b>											
260-269	Long-Term-Liabilities										
240-259	Current Portion of Long-Term Debt and Other Credits										
<b>Total Liabilities and Other Credits</b>		1,268									1,268
<b>Fund and Account Group Equity</b>											
281-284	Contributed Capital										
290.00	Investment in General Fixed Assets										
270-289	Fund Balance / Retained Earnings on 12/31	165,949	63,735	203,271				343,219			776,174
291-299	Other Equity										
<b>Total Fund and Account Group Equity</b>		165,949	63,735	203,271				343,219			776,174
<b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY</b>											777,442

LIBERTY TWP, ADAMS County  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2016

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

**REVENUES**

Taxes								
301.00	Real Estate Taxes	90,622	38,078					128,700
305.00	Occupation Taxes (levied under municipal code)							
308.00	Residence Taxes (levied by cities of the 3rd Class)							
309.00	Regional Asset District Sales Tax (Allegheny County municipalities only)							
310.00	Per Capita Taxes	4,973						4,973
310.10	Real Estate Transfer Taxes	26,198						26,198
310.20	Earned Income Taxes / Wage Taxes	179,722						179,722
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **							
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes							
310.90	Other Local Tax Enabling Act / Act 511 / Taxes							
	Other: _____							
<b>Total Taxes</b>		301,515	38,078					339,593

Licenses and Permits								
320-322	All Other Licenses and Permits							
321.80	Cable Television Franchise Fees	8,375						8,375
<b>Total Licenses and Permits</b>		8,375						8,375

Fines and Forfeits								
330-332	Fines and Forfeits	3,494						3,494
<b>Total Fines and Forfeits</b>		3,494						3,494

LIBERTY TWP, ADAMS County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2016

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

**REVENUES**

Interest, Rents and Royalties								
341.00	Interest Earnings	293	177	203			33,512	34,185
342.00	Rents and Royalties							
<b>Total Interest, Rents and Royalties</b>		293	177	203			33,512	34,185

Federal								
351.03	Highways and Streets	13,063						13,063
351.09	Community Development							
351.00	All Other Federal Capital and Operating Grants							
352.01	National Forest							
352.00	All Other Federal Shared Revenue and Entitlements							
353.00	Federal Payments in Lieu of Taxes							
<b>Total Federal</b>		13,063						13,063

State								
354.03	Highways and Streets							
354.09	Community Development							
354.15	Recycling / Act 101							
354.00	All Other State Capital and Operating Grants							
355.01	Public Utility Realty Tax (PURTA)	729						729
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		73,274					73,274
355.04	Alcoholic Beverage Licenses	300						300
355.05	General Municipal Pension System State Aid	15,410						15,410
355.07	Foreign Fire Insurance Tax Distribution	9,652						9,652
355.08	Local Share Assessment/Gaming Proceeds							
355.09	Marcellus Shale Impact Fee Distribution							

LIBERTY TWP, ADAMS County  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2016

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**REVENUES**

State								
355.00	All Other State Shared Revenues and Entitlements							
356.00	State Payments in Lieu of Taxes							
<b>Total State</b>		26,091	73,274					99,365

Local Government Units								
357.03	Highways and Streets							
357.00	All Other Local Governmental Units Capital and Operating Grants							
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services							
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes							
<b>Total Local Government Units</b>								

Charges for Service								
361.00	General Government	6,989						6,989
362.00	Public Safety	45,983						45,983
363.20	Parking							
363.00	All Other Charges for Highway & Street Services							
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)	3,230						3,230
364.30	Solid Waste Collection and Disposal Charge (trash)							
364.60	Host Municipality Benefit Fee for Solid Waste Facility							
364.00	All Other Charges for Sanitation Services							
365.00	Health							
366.00	Human Services							
367.00	Culture and Recreation							
368.00	Airports							

**LIBERTY TWP, ADAMS County**  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2016

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

**REVENUES**

Charges for Service								
369.00	Bars							
370.00	Cemeteries							
372.00	Electric System							
373.00	Gas System							
374.00	Housing System							
375.00	Markets							
377.00	Transit Systems							
378.00	Water System							
379.00	All Other Charges for Service							
<b>Total Charges for Service</b>		56,202						56,202

Unclassified Operating Revenues								
383.00	Special Assessments							
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors	125						125
388.00	Fiduciary Fund Pension Contributions					8,396		8,396
389.00	All Other Unclassified Operating Revenues	787						787
<b>Total Unclassified Operating Revenues</b>		912				8,396		9,308

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition							
392.00	Interfund Operating Transfers	671	8,876					9,547
393.00	Proceeds of General Long-Term Debt							
394.00	Proceeds of Short Term-Debt							

LIBERTY TWP, ADAMS County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2016

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
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### REVENUES

Other Financing Sources								
395.00	Refunds of Prior Year Expenditures	141						141
<b>Total Other Financing Sources</b>		812	8,876					9,688
<b>TOTAL REVENUES</b>		410,757	120,405	203			41,908	573,273

### EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	3,813						3,813
401.00	Executive (Manager or Mayor)							
402.00	Auditing Services / Financial Administration	10,430						10,430
403.00	Tax Collection	5,147						5,147
404.00	Solicitor / Legal Services	9,280						9,280
405.00	Secretary / Clerk	45,756						45,756
406.00	Other General Government Administration	24,337						24,337
407.00	IT-Networking Services-Data Processing							
408.00	Engineering Services	28,018						28,018
409.00	General Government Buildings and Plant	196,327						196,327
<b>Total General Government</b>		323,108						323,108

Public Safety								
410.00	Police	105,171						105,171
411.00	Fire		46,954					46,954
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement							



LIBERTY TWP, ADAMS County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2016

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

### EXPENDITURES

Public Safety								
414.00	Planning and Zoning	19,297						19,297
415.00	Emergency Management and Communications	84						84
416.00	Militia and Armories							
417.00	Examination of Licensed Occupations							
418.00	Public Scales (weights and measures)							
419.00	Other Public Safety							
<b>Total Public Safety</b>		124,552	46,954					171,506

Health and Human Services								
420.00-425.00	Health and Human Services	1,541						1,541
<b>Total Health and Human Services</b>		1,541						1,541

Public Works - Sanitation								
426.00	Recycling Collection and Disposal							
427.00	Solid Waste Collection and Disposal (garbage)							
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection	194						194
<b>Total Public Works - Sanitation</b>		194						194

Public Works - Highways and Streets								
430.00	General Services - Administration	89,425	945					90,370
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal		7,507					7,507
433.00	Traffic Control Devices	2,868						2,868
434.00	Street Lighting							

LIBERTY TWP, ADAMS County  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2016

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

**EXPENDITURES**

<b>Public Works - Highways and Streets</b>								
435.00	Sidewalks and Crosswalks							
436.00	Storm Sewers and Drains							
437.00	Repairs of Tools and Machinery	9,121	1,036					10,157
438.00	Maintenance and Repairs of Roads and Bridges		20,087					20,087
439.00	Highway Construction and Rebuilding Projects		852					852
<b>Total Public Works - Highways and Streets</b>		101,414	30,427					131,841

<b>Other Public Works Enterprises</b>								
440.00	Airports							
441.00	Cemeteries							
442.00	Electric System							
443.00	Gas System							
444.00	Markets							
445.00	Parking							
446.00	Storm Water and Flood Control							
447.00	Transit System							
448.00	Water System							
449.00	Water Transport and Terminals							
<b>Total Other Public Works Enterprises</b>								

<b>Culture and Recreation</b>								
451.00	Culture-Recreation Administration							
452.00	Participant Recreation							
453.00	Spectator Recreation							
454.00	Parks							

LIBERTY TWP, ADAMS County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2016

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

**EXPENDITURES**

Culture and Recreation								
455.00	Shade Trees							
456.00	Libraries							
457.00	Civil and Military Celebrations							
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation							
<b>Total Culture and Recreation</b>								

Community Development								
461.00	Conservation of Natural Resources							
462.00	Community Development and Housing							
463.00	Economic Development							
464.00	Economic Opportunity							
465-469	All Other Community Development							
<b>Total Community Development</b>								

Debt Service								
471.00	Debt Principal (short-term and long-term)							
472.00	Debt Interest (short-term and long-term)							
475.00	Fiscal Agent Fees							
<b>Total Debt Service</b>								

Employer Paid Benefits and Withholding Items								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	17,255						17,255
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions	16,256						16,256

LIBERTY TWP, ADAMS County  
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2016

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
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**EXPENDITURES**

**Employer Paid Benefits and Withholding Items**

484.00	Worker Compensation Insurance	23,000						23,000
487.00	Other Group Insurance Benefits							
<b>Total Employer Paid Benefits and Withholding Items</b>		56,511						56,511

**Insurance**

486.00	Insurance, Casualty, and Surety	15,409						15,409
<b>Total Insurance</b>		15,409						15,409

**Unclassified Operating Expenditures**

488.00	Fiduciary Fund Benefits and Refunds Paid							
489.00	All Other Unclassified Expenditures					11,367		11,367
<b>Total Unclassified Operating Expenditures</b>						11,367		11,367

**Other Financing Uses**

491.00	Refund of Prior Year Revenues							
492.00	Interfund Operating Transfers	9,445	102					9,547
493.00	All Other Financing Uses							
<b>Total Other Financing Uses</b>		9,445	102					9,547

**TOTAL EXPENDITURES**

		632,174	77,483				11,367	721,024
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**EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES**

		-221,417	42,922	203			30,541	-147,751
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**LIBERTY TWP**  
December 31, 2016

**DEBT STATEMENT**

**OUTSTANDING BONDS AND NOTES**

Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

Purpose	Bond (B) Capital Lease (C) Lease Rental (L) Note (N)	Issue Year (yyyy)	Maturity Year (yyyy)	Original Amount of Issue	Outstanding Beginning of Year (1)	Principal Incurred This Year	Principal Paid This Year	Current Year Accretion on Compound Interest Bonds	Outstanding at Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
<b>General Obligation Bonds and Notes</b>											
<b>Revenue Bonds and Notes</b>											
<b>Lease Rental Debt</b>											
John Deere Backhoe	Capital Leases	2012	2016	52,380	9,121		9,121		0		0
<b>Other</b>											

(1) - excludes unamortized premium/discount

<b>Total bonds and notes outstanding</b>	0
<b>Capitalized lease obligations</b>	0
<b>Net debt</b>	0

**LIBERTY TWP, ADAMS County**  
**STATEMENT OF CAPITAL EXPENDITURES**

December 31, 2016

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government		185,725	185,725
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police			
Recreation			
Sewer			
Solid Waste			
Streets / Highways	11,366		11,366
Water			
Other: _____			
<b>TOTAL CAPITAL EXPENDITURES</b>	11,366	185,725	197,091

**EMPLOYEE COMPENSATION**

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials)

229,598

**LIBERTY TOWNSHIP**  
**Notes to Financial Statements**  
**December 31, 2016**

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<b>COMMENTS</b>
<b>Line 488 Fiduciary Fund</b> The Township has a pension plan to which it received pension state aid, however, it currently does not have any employees drawing benefits from the plan so this item is zero.
<b>Line 310.60</b> The Township levies this tax but there was none necessary to assess in the current year.
<b>Investigation</b> Management of the Township has initiated an investigation due to suspicion of irregularities in payroll and credit card transactions to determine if fraud has occurred. This investigation is still ongoing as of March 27, 2017.
<b>Basis of Accounting</b> The financial statements are prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred.



Smith Elliott Kearns & Company, LLC  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
Liberty Township, Adams County  
Fairfield, Pennsylvania

President Judge of the Court of Common Pleas

Secretary of Community and Economic Development

We have audited the accompanying balance sheet – modified cash basis of Liberty Township, Adams County, Pennsylvania, as of December 31, 2016, and the related statement of revenues and expenditures – modified cash basis, debt statement – modified cash basis and statement of capital expenditures – modified cash basis for the year then ended which are presented in the format prescribed by the Department of Community and Economic Development of the Commonwealth of Pennsylvania.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis – financial position of Liberty Township as of December 31, 2016, and the modified cash basis - revenues, expenditures, and changes in financial position, modified cash basis – debt statement and modified cash basis – capital expenditures for the year then ended in accordance with the financial reporting provisions of the modified cash basis of accounting described in the notes.

### ***Emphasis of Matters***

The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The accompanying Annual Financial Report was prepared for the purpose of complying with rules and regulations of the Department of Community and Economic Development of the Commonwealth of Pennsylvania, does not include supporting disclosures or government-wide statements, and is not intended to be a complete presentation of the Township's assets, liabilities, revenues and expenses in accordance with generally accepted accounting principles.

As discussed in the notes to this report, management of the Township has initiated an investigation due to suspicion of irregularities which is ongoing as of this date.

Our opinion is not modified with respect to these matters.

### ***Restriction on Use***

This report is intended solely for the information and use of the Board of Supervisors, President Judge of the Court of the Common Pleas, and the Secretary of Community and Economic Development, and is not intended to be and should not be used by anyone other than these specified parties.

*Smith & Elliott Keams & Company, LLC*

Chambersburg, Pennsylvania  
March 27, 2017