

**2015 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

010635 LIBERTY TWP, ADAMS COUNTY

LIBERTY TWP, ADAMS County

BALANCE SHEET

December 31, 2015

		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
Liabilities and Other Credits											
260-269	Long-Term-Liabilities										
240-259	Current Portion of Long-Term Debt and Other Credits										
Total Liabilities and Other Credits		5,632									5,632
Fund and Account Group Equity											
281-284	Contributed Capital										
290.00	Investment in General Fixed Assets										
270-289	Fund Balance / Retained Earnings on 12/31	387,366	20,813	203,068				312,678			923,925
291-299	Other Equity										
Total Fund and Account Group Equity		387,366	20,813	203,068				312,678			923,925
TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY											929,557

LIBERTY TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

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	90,171	35,808					125,979
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	4,371						4,371
310.10	Real Estate Transfer Taxes	26,610						26,610
310.20	Earned Income Taxes / Wage Taxes	524,744						524,744
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: _____							
Total Taxes		645,896	35,808					681,704

Licenses and Permits

320-322	All Other Licenses and Permits							
321.80	Cable Television Franchise Fees	7,850						7,850
Total Licenses and Permits		7,850						7,850

Fines and Forfeits

330-332	Fines and Forfeits	4,202						4,202
Total Fines and Forfeits		4,202						4,202

LIBERTY TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
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REVENUES

Interest, Rents and Royalties								
341.00	Interest Earnings	200	10	150			4,955	5,315
342.00	Rents and Royalties							
Total Interest, Rents and Royalties		200	10	150			4,955	5,315

Federal								
351.03	Highways and Streets							
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							
Total Federal								

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)	605						605
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		62,775					62,775
355.04	Alcoholic Beverage Licenses	300						300
355.05	General Municipal Pension System State Aid	15,683						15,683
355.07	Foreign Fire Insurance Tax Distribution	9,713						9,713
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, 2015

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REVENUES

State								
355.00	All Other State Shared Revenues and Entitlements							
356.00	State Payments in Lieu of Taxes							
Total State		26,301	62,775					89,076

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							
Total Local Government Units								

Charges for Service								
361.00	General Government	2,180						2,180
362.00	Public Safety	54,578						54,578
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.)	4,775						4,775
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, 2015

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							
Total Charges for Service		61,533						61,533

Unclassified Operating Revenues								
383.00	Special Assessments							
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors							
388.00	Fiduciary Fund Pension Contributions					16,087		16,087
389.00	All Other Unclassified Operating Revenues	10						10
Total Unclassified Operating Revenues		10				16,087		16,097

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition	1,900						1,900
392.00	Interfund Operating Transfers	9,118	18,242	100,000				127,360
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, 2015

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

Other Financing Sources								
395.00	Refunds of Prior Year Expenditures	4,535						4,535
Total Other Financing Sources		15,553	18,242	100,000				133,795

TOTAL REVENUES

761,545	116,835	100,150				21,042	999,572
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EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	3,776						3,776
401.00	Executive (Manager or Mayor)							
402.00	Auditing Services / Financial Administration	4,750						4,750
403.00	Tax Collection	5,861						5,861
404.00	Solicitor / Legal Services	3,217						3,217
405.00	Secretary / Clerk	52,382						52,382
406.00	Other General Government Administration	33,048						33,048
407.00	IT-Networking Services-Data Processing							
408.00	Engineering Services	34,704						34,704
409.00	General Government Buildings and Plant	16,706						16,706
Total General Government		154,444						154,444

Public Safety

410.00	Police	92,152						92,152
411.00	Fire	9,713	26,690					36,403
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement							

LIBERTY TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

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	19,799						19,799
415.00	Emergency Management and Communications	62						62
416.00	Militia and Armories							
417.00	Examination of Licensed Occupations							
418.00	Public Scales (weights and measures)							
419.00	Other Public Safety							
Total Public Safety		121,726	26,690					148,416

Health and Human Services								
420.00-425.00	Health and Human Services	1,541						1,541
Total Health and Human Services		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							
Total Public Works - Sanitation								

Public Works - Highways and Streets								
430.00	General Services - Administration	85,471	7,553					93,024
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal		9,978					9,978
433.00	Traffic Control Devices	2,900						2,900
434.00	Street Lighting							

LIBERTY TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

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 Works - Highways and Streets								
435.00	Sidewalks and Crosswalks							
436.00	Storm Sewers and Drains							
437.00	Repairs of Tools and Machinery		4,061					4,061
438.00	Maintenance and Repairs of Roads and Bridges	9,154	12,538					21,692
439.00	Highway Construction and Rebuilding Projects		16,929					16,929
Total Public Works - Highways and Streets		97,525	51,059					148,584

Other Public Works Enterprises								
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							
Total Other Public Works Enterprises								

Culture and Recreation								
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, 2015

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							
Total Culture and Recreation								

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							
Total Community Development								

Debt Service								
471.00	Debt Principal (short-term and long-term)		22,880					22,880
472.00	Debt Interest (short-term and long-term)	68	716					784
475.00	Fiscal Agent Fees							
Total Debt Service		68	23,596					23,664

Employer Paid Benefits and Withholding Items								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	16,290						16,290
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions	23,583						23,583

LIBERTY TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2015

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

Employer Paid Benefits and Withholding Items								
484.00	Worker Compensation Insurance	13,708						13,708
487.00	Other Group Insurance Benefits							
Total Employer Paid Benefits and Withholding Items		53,581						53,581

Insurance								
486.00	Insurance, Casualty, and Surety	14,108						14,108
Total Insurance		14,108						14,108

Unclassified Operating Expenditures								
488.00	Fiduciary Fund Benefits and Refunds Paid							
489.00	All Other Unclassified Expenditures	310					11,368	11,678
Total Unclassified Operating Expenditures		310					11,368	11,678

Other Financing Uses								
491.00	Refund of Prior Year Revenues							
492.00	Interfund Operating Transfers	118,242	9,118					127,360
493.00	All Other Financing Uses							
Total Other Financing Uses		118,242	9,118					127,360

TOTAL EXPENDITURES	561,545	110,463					11,368	683,376
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	200,000	6,372	100,150				9,674	316,196
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LIBERTY TWP
December 31, 2015

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
General Obligation Bonds and Notes											
Long Term	Note	2005	2015	200,000	22,880		22,880		0		0
Revenue Bonds and Notes											
Lease Rental Debt											
John Deere Backhoe	Capital Leases	2012	2016	52,380	18,242		9,121		9,121		9,121
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding	9,121
Capitalized lease obligations	0
Net debt	9,121

LIBERTY TWP, ADAMS County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2015

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government	7,878		7,878
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police			
Recreation			
Sewer			
Solid Waste			
Streets / Highways	11,920	16,929	28,849
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES	19,798	16,929	36,727

EMPLOYEE COMPENSATION

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

207,927

LIBERTY TOWNSHIP
Notes to Financial Statements
December 31, 2015

Line 471 General Fund

Principal does not match the debt statement because the capital lease payment is recorded in the corresponding category in which it relates to.

Line 270-289 Fiduciary Fund

A restatement was necessary in the Trust and Agency Fund to remove the Township's defined contribution pension plan as it should not be reported as a Fiduciary Fund on the DCED report, due to the fact the Township does not hold the assets in a fiduciary capacity.

Original Fund Balance at 12/31/14	\$ 335,888
Restatement	(<u>32,884</u>)
Restated Fund Balance at 12/31/14	<u>\$ 303,004</u>

Line 364.10 General Fund

The Township sends out reminder letters to residents who have not had their septic tanks pumped in three years and charges the resident. The haulers are also charged. There is no expense to the Township for this.

Line 488 Fiduciary Fund

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.

Line 310.60

The Township levies this tax but there was none necessary to assess in the current year.



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, 2015, 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 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, 2015, 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.

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. 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 Kearns & Company, LLC

Chambersburg, Pennsylvania
March 25, 2016