

Annual Audit and
Financial Report
(DCED-CLGS-30)

December 31
2025

Liberty Township,
Adams County



INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Liberty Township, Adams County
Fairfield, Pennsylvania

President Judge of the Court of Common Pleas

Secretary of the Department of Community and Economic Development

Opinion

We have audited the accompanying modified cash basis financial statements of Liberty Township, Adams County, Pennsylvania, as of December 31, 2025, and the related statement of revenues and expenditures, debt statement and statement of capital expenditures for the year then ended, and the related notes to the financial statements in the format prescribed by the Department of Community and Economic Development of the Commonwealth of Pennsylvania.

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of Liberty Township, Adams County, Pennsylvania, as of December 31, 2025, and the changes in the modified cash basis financial position and related debt statement and statement of capital expenditures for the year then ended, in accordance with the financial reporting provisions of the modified cash basis of accounting within the format prescribed by the Department of Community and Economic Development of the Commonwealth of Pennsylvania described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Liberty Township, Adams County, Pennsylvania, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting within the format prescribed by the Department of Community and Economic Development of the Commonwealth of Pennsylvania, which is a basis of accounting other than accounting principles generally accepted in the United States of America. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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 within the financial reporting provisions of the Department of Community and Economic Development of the Commonwealth of Pennsylvania described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Liberty Township, Adams County, Pennsylvania's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Liberty Township, Adams County, Pennsylvania's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

Restriction on Use

This report is intended solely for the information and use of the Board of Supervisors, management of Liberty Township, Adams County, Pennsylvania, President Judge of the Court of the Common Pleas, and the Secretary of the Department 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 18, 2026

**2025 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

010635 LIBERTY TWP, ADAMS COUNTY

LIBERTY TWP, ADAMS County

BALANCE SHEET

December 31, 2025

		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		20,919		17,083							38,002
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	786,181	12,593	142,032				437,958			1,378,764
291-299	Other Equity										
Total Fund and Account Group Equity		786,181	12,593	142,032				437,958			1,378,764
TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY											1,416,766

LIBERTY TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2025

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	346,740						346,740
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	4,979						4,979
310.10	Real Estate Transfer Taxes	41,855						41,855
310.20	Earned Income Taxes / Wage Taxes	222,298						222,298
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: _____							
	Other: _____							
Total Taxes		615,872						615,872

Licenses and Permits								
320-322	All Other Licenses and Permits							
321.80	Cable Television Franchise Fees	11,964						11,964
Total Licenses and Permits		11,964						11,964

Fines and Forfeits								
330-332	Fines and Forfeits	16,529						16,529
Total Fines and Forfeits		16,529						16,529

LIBERTY TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2025

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	28,451	6,897	6,423			48,591	90,362
342.00	Rents and Royalties	200						200
Total Interest, Rents and Royalties		28,651	6,897	6,423			48,591	90,562

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	538						538
355.01	Public Utility Realty Tax (PURTA)	528						528
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		77,670					77,670
355.04	Alcoholic Beverage Licenses	300						300
355.05	General Municipal Pension System State Aid	3,528						3,528
355.07	Foreign Fire Insurance Tax Distribution	12,021						12,021
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, 2025

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

State								
355.00	All Other State Shared Revenues and Entitlements							
356.00	State Payments in Lieu of Taxes							
Total State		16,915	77,670					94,585

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	11,045						11,045
362.00	Public Safety	64,744						64,744
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.)	12,585						12,585
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, 2025

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		88,374						88,374

Unclassified Operating Revenues								
383.00	Special Assessments							
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors	8,289						8,289
388.00	Fiduciary Fund Pension Contributions							
389.00	All Other Unclassified Operating Revenues							
Total Unclassified Operating Revenues		8,289						8,289

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition		158					158
392.00	Interfund Operating Transfers							
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, 2025

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	937	161					1,098
Total Other Financing Sources		937	319					1,256

TOTAL REVENUES

787,531	84,886	6,423				48,591	927,431
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EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	6,825						6,825
401.00	Executive (Manager or Mayor)							
402.00	Auditing Services / Financial Administration	10,820						10,820
403.00	Tax Collection	9,685						9,685
404.00	Solicitor / Legal Services	39,117						39,117
405.00	Secretary / Clerk	65,742						65,742
406.00	Other General Government Administration	15,942						15,942
407.00	IT-Networking Services-Data Processing	10,702						10,702
408.00	Engineering Services	33,117						33,117
409.00	General Government Buildings and Plant	49,675						49,675
Total General Government		241,625						241,625

Public Safety

410.00	Police	133,366						133,366
411.00	Fire	12,021						12,021
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement							

LIBERTY TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2025

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	20,091						20,091
415.00	Emergency Management and Communications	113						113
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		165,591						165,591

Health and Human Services

420.00-425.00	Health and Human Services	300						300
Total Health and Human Services		300						300

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	13,215						13,215
Total Public Works - Sanitation		13,215						13,215

Public Works - Highways and Streets

430.00	General Services - Administration	55,825						55,825
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal		8,377					8,377
433.00	Traffic Control Devices	372	1,314					1,686
434.00	Street Lighting							

LIBERTY TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2025

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		6,463					6,463
438.00	Maintenance and Repairs of Roads and Bridges	54,136	17,792					71,928
439.00	Highway Construction and Rebuilding Projects		159,750					159,750
Total Public Works - Highways and Streets		110,333	193,696					304,029

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, 2025

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	500						500
457.00	Civil and Military Celebrations							
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation							
Total Culture and Recreation		500						500

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)							
472.00	Debt Interest (short-term and long-term)							
475.00	Fiscal Agent Fees							
Total Debt Service								

Employer Paid Benefits and Withholding Items								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	20,015						20,015
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions	5,082						5,082

LIBERTY TWP, ADAMS County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2025

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	13,903						13,903
487.00	Other Group Insurance Benefits							
Total Employer Paid Benefits and Withholding Items		39,000						39,000

Insurance								
486.00	Insurance, Casualty, and Surety	28,282						28,282
Total Insurance		28,282						28,282

Unclassified Operating Expenditures								
488.00	Fiduciary Fund Benefits and Refunds Paid						14,635	14,635
489.00	All Other Unclassified Expenditures						9,902	9,902
Total Unclassified Operating Expenditures							24,537	24,537

Other Financing Uses								
491.00	Refund of Prior Year Revenues	1,698						1,698
492.00	Interfund Operating Transfers							
493.00	All Other Financing Uses							
Total Other Financing Uses		1,698						1,698

TOTAL EXPENDITURES	600,544	193,696					24,537	818,777
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	186,987	-108,810	6,423				24,054	108,654
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LIBERTY TWP
December 31, 2025

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											
Revenue Bonds and Notes											
Lease Rental Debt											
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding	0
Capitalized lease obligations	0
Net debt	0

LIBERTY TWP, ADAMS County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2025

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police			
Recreation			
Sewer			
Solid Waste			
Streets / Highways		32,042	32,042
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES		32,042	32,042

EMPLOYEE COMPENSATION

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

239,731

LIBERTY TOWNSHIP
Notes to Financial Statements
December 31, 2025

NOTE 1 BASIS OF ACCOUNTING

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 the rules and regulations of the Department of Community and Economic Development of the Commonwealth of Pennsylvania, and does not include supporting disclosures, government-wide statements or cash flows statements, if applicable, and it is not intended to be a complete presentation of Liberty Township's assets, liabilities, revenues, and expenses.

NOTE 2 FIDUCIARY FUND

The Township has two pension plans. The police pension plan is a single employer defined benefit pension plan which is reported on the DCED report because the Township is holding the assets in a fiduciary capacity. The non-uniform pension plan is a defined contribution pension plan which is not reported on the DCED because the Township does not hold those assets in a fiduciary capacity.

NOTE 3 AMUSEMENT/ADMISSION TAX - LINE 310-60

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

NOTE 4 RESTATEMENT

A restatement was necessary to correct the recording of cash balances in the prior year as follows:

	General Fund
Fund balance, as originally stated - December 31, 2024	\$ 595,567
Correcting cash balances	<u>3,627</u>
Fund balance, as restated - December 31, 2024	<u>\$ 599,194</u>