

**LIBERTY TOWNSHIP**

HARDIN COUNTY

**AUDITED FINANCIAL STATEMENTS**

JANUARY 1, 2002 – DECEMBER 31, 2003





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Liberty Township  
Ada, Ohio

We have reviewed the Independent Auditor's Report of Liberty Township, Hardin County, prepared by Vanessa L. Blevins, CPA, for the audit period January 1, 2002 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Liberty Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

July 9, 2004

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**LIBERTY TOWNSHIP  
HARDIN, OHIO**

JANUARY 1, 2002 TO DECEMBER 31, 2003

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Liberty Township  
P.O. Box 327  
Ada, Ohio 45810

To the Board of Township Trustees:

We have audited the accompanying financial statements of Liberty Township, Hardin County, Ohio, (the Township) as of and for the years ended December 31, 2003 and 2002. 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 generally accepted auditing standards 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 audits 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 described 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Liberty Township, Hardin County, Ohio, as of December 31, 2003 and 2002, 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 or report dated June 8, 2004, 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.

Vanessa L. Blevins, CPA

June 8, 2004

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES- ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<b>General</b>	<b>Special Revenue</b>	<b>Total (Memorandum Only)</b>
<b>Cash receipts:</b>			
Taxes	\$ 73,214	\$ 48,369	\$ 121,582
Charges for Services	-	24,945	24,945
Intergovernmental	38,093	70,409	108,502
Fines, licenses, and permits	-	15,575	15,575
Interest Revenue	3,081	48	3,129
Miscellaneous	-	8,810	8,810
Total cash receipts	114,388	168,155	282,544
<b>Cash disbursements:</b>			
Current:			
Public safety	-	72,155	72,155
Public health services	-	66,213	66,213
Public works	-	85,736	85,736
General government	63,094	450	63,544
Capital outlay	6,534	22,000	28,534
Total cash disbursements	69,628	246,554	316,182
Total receipts over/(under) disbursements	44,760	(78,398)	(33,639)
<b>Other financing receipts/(disbursements):</b>			
Transfers-in	-	66,250	66,250
Transfers-out	(66,250)	-	(66,250)
Other financing sources	789	-	789
Total other financing receipts/(disbursements)	(65,461)	66,250	789
Total of Rec. and Other Sources Over (Under) Disbursements and Other Uses	(20,702)	(12,148)	(32,850)
Fund cash balances, January 1, 2003	248,667	95,422	344,089
Fund cash balances, December 31, 2003	\$ 227,966	\$ 83,273	\$ 311,239
Reserve for Encumbrances- December 31, 2003	\$ -	\$ 9,874	\$ 9,874

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



**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES- ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<b>Nonexpendable Trust</b>
<b>Operating Cash receipts:</b>	
Interest	\$ 261
Total operating cash receipts	<u>261</u>
<b>Cash disbursements:</b>	
Supplies and materials	-
Total operating cash disbursements	<u>-</u>
Operating income/(loss)	261
Fund cash balances, January 1, 2003	<u>11,119</u>
Fund cash balances, December 31, 2003	<u><u>\$ 11,380</u></u>

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

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES- ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<b>General</b>	<b>Special Revenue</b>	<b>Total (Memorandum Only)</b>
<b>Cash receipts:</b>			
Taxes	\$ 70,350	\$ 47,207	\$ 117,557
Charges for services	-	21,068	21,068
Intergovernmental	35,508	67,761	103,269
Fines, licenses, and permits	-	15,115	15,115
Interest Revenue	4,863	320	5,183
Miscellaneous	-	11,010	11,010
	<hr/>		
Total cash receipts	110,721	162,480	273,202
	<hr/>		
<b>Cash disbursements:</b>			
Current:			
Public safety	-	81,847	81,847
Public health services	49	73,646	73,695
Public works	-	74,379	74,379
General government	62,363	44	62,407
Capital outlay	2,000	24,537	26,537
	<hr/>		
Total cash disbursements	64,413	254,453	318,865
	<hr/>		
Total receipts over disbursements	46,309	(91,972)	(45,664)
	<hr/>		
<b>Other financing receipts/(disbursements):</b>			
Transfers-in	-	58,000	58,000
Transfers-out	(58,000)	-	(58,000)
Other Financing Sources	11,833	-	11,833
	<hr/>		
Total other financing receipts/(disbursements)	(46,167)	58,000	11,833
	<hr/>		
Total of Rec. and Other Sources Over (Under) Disbursements and Other Uses	141	(33,972)	(33,831)
	<hr/>		
Fund cash balances, January 1, 2002	248,526	129,394	377,920
Fund balance adjustments	-	-	-
Fund balance after adjustments	248,526	129,394	377,920
	<hr/>		
Fund cash balances, December 31, 2002	\$ 248,667	\$ 95,421	\$ 344,089
Reserve For Encumbrances	\$ -	\$ 1,200.00	\$ 1,200.00
	<hr/> <hr/>		

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

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES- ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<b>Nonexpendable Trust</b>
<b>Operating Cash receipts:</b>	
Interest	\$ 141
Total operating cash receipts	<u>141</u>
<b>Cash disbursements:</b>	
Supplies and materials	128
Total operating cash disbursements	<u>128</u>
Operating income/(loss)	13
Fund cash balances, January 1, 2002	<u>11,106</u>
Fund cash balances, December 31, 2002	<u><u>\$ 11,119</u></u>

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

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Liberty Township, Hardin County, (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. The Township provides general governmental services, including road maintenance, fire protection and cemetery 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**

Certificates of deposit are valued at cost.

**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:

**General Fund** - The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**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 for constructing, maintaining and repairing Township streets.

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS  
(Continued)

*Fire District Fund* - This fund receives tax levy money to provide fire protection to the Township.

*Motor Vehicle License Tax* - This fund receives tax money for maintaining and repairing Township roads.

*Cemetery Fund* - This fund receives money and fees from the sale of lots, and grave openings and closings for purpose of maintaining, grooming and operating of Township cemeteries.

*Fire Special Levy* - This fund receives money from a special levy for the purpose of fire protection.

**Fiduciary Funds (Trust and Agency Funds)** - Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Township is acting in an agency capacity are classified as agency funds. The Township had the following significant fiduciary funds:

Cemetery Bequest Funds - Receives proceeds from the interest income earned on the principal. These funds account for resources restricted by legally binding agreements.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**Appropriations** - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**Estimated Resources** - Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**Encumbrances** - The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2003 and 2002 budgetary activity appears in Note 2.

**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.

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS  
(Continued)

**2. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 was as follows:

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 101,492	\$ 115,177	\$ 13,685
Special Revenue	193,650	234,405	40,756
Fiduciary	141	261	120
Total	<u>\$ 295,282</u>	<u>\$ 349,843</u>	<u>\$ 54,561</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 163,300	\$ 135,878	\$ 27,422
Special Revenue	269,954	256,428	13,526
Fiduciary	453	-	453
Total	<u>\$ 433,707</u>	<u>\$ 392,306</u>	<u>\$ 41,401</u>

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 107,400	\$ 122,554	\$ 15,154
Special Revenue	157,536	220,481	62,945
Fiduciary	355	141	(214)
Total	<u>\$ 265,290</u>	<u>\$ 343,175</u>	<u>\$ 77,885</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 152,800	\$ 122,413	\$ 30,387
Special Revenue	272,823	255,653	17,170
Fiduciary	556	128	429
Total	<u>\$ 426,179</u>	<u>\$ 378,193</u>	<u>\$ 47,986</u>

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS  
(Continued)

**3. 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:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$ 72,089	\$ 98,486
Certificates of deposit	18,187	40,887
Other investments	<u>232,343</u>	<u>215,836</u>
Total deposits	<u><u>\$ 322,619</u></u>	<u><u>\$ 355,209</u></u>

**Deposits**

Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. 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 payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

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. RETIREMENT SYSTEMS**

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. 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 2003 and 2002, PERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equal to 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS  
(Continued)

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- General liability
- Public Officials Liability
- Automobile Liability, Comprehensive and Collision
- Property Coverage

The Township provides health coverages for an official through a private carrier.



**Vanessa L Blevins, CPA**

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

Liberty Township  
P.O. Box 327  
Ada, Ohio 45810

To the Board of Township Trustees:

We have audited the financial statements of Liberty Township, Hardin County, (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 8, 2004. We conducted our audits in accordance with generally accepted auditing standards 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no material instances of noncompliance that are required to be reported under Government Auditing Standards.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audits, 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 8, 2004.

This report is intended for the information of the board of trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Vanessa L. Blevins, CPA

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**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140  
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800-282-0370  
Facsimile 614-466-4490

**LIBERTY TOWNSHIP**

**HARDIN 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  
JULY 27, 2004**