



Mary Taylor, CPA
Auditor of State

THE PARK DISTRICT LIBERTY TOWNSHIP
HARDIN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – General Fund - For the Year Ended December 31, 2009.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – General Fund - For the Year Ended December 31, 2008.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings.....	14

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Mary Taylor, CPA
Auditor of State

The Park District Liberty Township
Hardin County
P.O. Box 228
Ada, Ohio 45810

To the Board of Commissioners:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 10, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

The Park District Liberty Township
Hardin County
P.O. Box 228
Ada, Ohio 45810

To the Board of Commissioners:

We have audited the accompanying financial statements of The Park District Liberty Township, Hardin County (the District), as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the District's management. 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 and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the fund the accompanying financial statements present, GAAP requires presenting entity wide statements. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of The Park District Liberty Township, Hardin County, as of December 31, 2009 and 2008, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Park District Liberty Township
Hardin County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 10, 2010

**THE PARK DISTRICT LIBERTY TOWNSHIP
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

Cash Receipts:

Property and Other Local Taxes	\$130,164
Gifts and Donations	10,500
Fees	18,350
Trust	3,626
Intergovernmental	34,600
Earnings on Investments	4
Miscellaneous	8,864
Total Cash Receipts	206,108

Cash Disbursements:

Current Disbursements:

Conservation/Recreation:

Salaries	37,550
Health Insurance	6,920
Supplies	21,437
Equipment	113
Contracts - Repair	6,735
Property Insurance	6,216
Advertising and Printing	605
Utilities	21,718
Auditor Fees	5,297
Public Employees Retirement	9,418
Workers Compensation	1,355
Other	3,212
Capital Improvement	21,980
Capital Equipment	9,069
Debt Service:	
Redemption of Principal	31,434
Interest and Other Fiscal Charges	5,593
Total Cash Disbursements	188,652

Total Receipts Over Disbursements	17,456
Fund Cash Balance, January 1	34,698
Fund Cash Balance, December 31	\$52,154

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

**THE PARK DISTRICT LIBERTY TOWNSHIP
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

Cash Receipts:

Property and Other Local Taxes	\$131,053
Gifts and Donations	612
Fees	24,593
Trust	6,663
Intergovernmental	30,602
Earnings on Investments	131
Miscellaneous	<u>2,585</u>
Total Cash Receipts	<u>196,239</u>

Cash Disbursements:

Current Disbursements:

Conservation/Recreation:

Salaries	33,747
Health Insurance	15,593
Supplies	24,154
Equipment	3,925
Contracts - Repair	8,645
Property Insurance	6,115
Advertising and Printing	253
Utilities	22,438
Auditor Fees	8,861
Public Employees Retirement	8,334
Workers Compensation	1,424
Other	1,710
Capital Improvement	83,389
Capital Equipment	10,946
Debt Service:	
Redemption of Principal	42,180
Interest and Other Fiscal Charges	<u>4,155</u>
Total Cash Disbursements	<u>275,869</u>

Total Receipts (Under) Disbursements	<u>(79,630)</u>
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Other Financing Receipts:

Other Debt Proceeds	<u>50,000</u>
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Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(29,630)
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Fund Cash Balance, January 1	<u>64,328</u>
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Fund Cash Balance, December 31	<u><u>\$34,698</u></u>
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The notes to the financial statements are an integral part of this statement.

**THE PARK DISTRICT LIBERTY TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of The Park District Liberty Township, Hardin County (the District), as a body corporate and politic. The common pleas judge of Hardin County appoints a three-member Board of Commissioners to govern the District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving natural resources, including streams, lakes, submerged lands, and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of these assets conducive to the general welfare. On December 21, 2009 the Commissioner's voted to rename the previously known Ada War Memorial Park District to The Park District Liberty Township.

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Deposit and Investments

The Park District did not have any investments. All money is maintained in interest bearing checking and savings accounts.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its fund into the following type:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, object level of control, and appropriations may not exceed estimated resources. The District 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.

**THE PARK DISTRICT LIBERTY TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 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.

3. Encumbrances

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. DEPOSITS

The District maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2009	2008
Demand deposits	\$45,509	\$34,698
Other time deposits (savings account)	6,645	
Total deposits	\$52,154	\$34,698

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$194,377	\$206,108	\$11,731

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$215,000	\$188,652	\$26,348

**THE PARK DISTRICT LIBERTY TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. BUDGETARY ACTIVITY (CONTINUED)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$205,008	\$246,239	\$41,231

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$269,336	\$275,869	(\$6,533)

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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 District.

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 District.

5. DEBT

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Land Contract	\$ 46,305	4%
Promissory Note	41,066	
Promissory Note	65,000	
Total	\$152,371	

The District entered into a land contract on April 25, 2006, in the amount of \$136,305 at 4% for the purchase of land. This contract matures April 25, 2011. Interest and principal are due semi-annually to Ruth Brown.

The District issued a promissory note on June 24, 2008, in the amount of \$50,000 for park improvements. This note matures on September 30, 2013. Interest and principal are due semi-annually to Liberty National Bank.

The District issued a promissory note on December 18, 2009, in the amount of \$65,000 at 6% for the purchase of property. This note matures on September 30, 2014. Interest and principal are due semi-annually to Liberty National Bank. The first payment is due March 30, 2010.

**THE PARK DISTRICT LIBERTY TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. DEBT (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year ending December 31:</u>	<u>Land Contract</u>	<u>Promissory Note - June 2008</u>	<u>Promissory Note - December 2009</u>
2010	\$24,127	\$11,598	\$ 9,499
2011	24,281	11,598	9,959
2012		11,598	20,240
2013		11,598	19,176
2014			18,122
Total	<u>\$48,408</u>	<u>\$46,392</u>	<u>\$76,996</u>

6. RETIREMENT SYSTEMS

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2009.

7. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

The Park District Liberty Township
Hardin County
P.O. Box 228
Ada, Ohio 45810

To the Board of Commissioners:

We have audited the financial statements of The Park District Liberty Township, Hardin County (the District), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated March 10, 2010, wherein we noted the District prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 10, 2010.

We intend this report solely for the information and use of the management, and Board of Commissioners. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 10, 2010

THE PARK DISTRICT LIBERTY TOWNSHIP
HARDIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2009-001

Material Weakness

Accuracy of Financial Reporting

To assist in the effective management and reporting of financial resources, the District should have procedures in place to help assure that financial activity is correctly classified and that all activity is reported in the accounting records and financial statements. The District's 2009 accounting records and financial statements had revenue classification errors of \$34,600 and expenditure classification errors of \$5,593 in the General Fund. In 2008, the District's accounting records and financial statements had \$77,322 of revenue classifications and expenditure classification errors in the amount of \$4,155 in the General Fund. The classification errors consisted of the recording of homestead and rollback receipts and CAT tax receipts as tax revenue instead of intergovernmental revenue; the recording of loan proceeds as intergovernmental revenue instead of other debt proceeds revenue; and the recording of interest payments as principal payments. In 2009, the District's financial statements and accounting records did not report a donation of \$6,645 that had been deposited into the savings account.

The failure to correctly classify financial activity and to include all financial activity in the accounting records and financial statements may impact, the user's understanding of the financial operations, the District's ability to make sound financial decisions, the District's ability to comply with budgetary laws, and may result in the material misstatement of the financial statements. In addition, such undetected errors may result in irregularities not being detected in a timely manner by the Board. The District's accounting records and the accompanying financial statements have been adjusted to reflect the correct December 31, 2009 fund balance and to report financial activity in the correct line items.

The District should utilize governmental accounting resources such as those provided on the Auditor of State website when preparing annual financial statements and recording revenue. As part of their monthly review of financial statements, the Board should review for recording errors. In addition, the Board should also make sure the monthly bank reconciliations include all accounts under the control of the District.

Officials Response: We did not receive a response from Officials to this finding.

THE PARK DISTRICT LIBERTY TOWNSHIP
HARDIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Accuracy of Financial Reporting	No	Repeated as Finding 2009-001



Mary Taylor, CPA
Auditor of State

THE PARK DISTRICT 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
MAY 6, 2010**