



OHIO AUDITOR OF STATE
KEITH FABER



**LIBERTY TOWNSHIP
HARDIN COUNTY
DECEMBER 31, 2021 AND 2020**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2021	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2021	6
Notes to the Financial Statements For the Year Ended December 31, 2021	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2020	15
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2020	16
Notes to the Financial Statements For the Year Ended December 31, 2020	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Schedule of Findings	27
Prepared by Management:	
Summary Schedule of Prior Audit Findings	31

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Liberty Township
Hardin County
P.O. Box 327
110 E. Buckeye Avenue
Ada, Ohio 45810

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Liberty Township, Hardin County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2021 and 2020, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 the Township, 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 opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 12 to the 2021 and 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 GAAS and the financial audit standards in the Comptroller General of the United States' *Government 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 GAAS and *Government 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 the Township'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 the Township'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2023, 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 grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

January 5, 2023

This page intentionally left blank.

LIBERTY TOWNSHIP, HARDIN COUNTY

Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**

For the Year Ended December 31, 2021

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$132,690	\$196,476		\$329,166
Charges for Services		35,268		35,268
Licenses, Permits and Fees		27,234		27,234
Intergovernmental	28,606	253,382		281,988
Earnings on Investments	328	75		403
Miscellaneous	1,743	30,029		31,772
Total Cash Receipts	<u>163,367</u>	<u>542,464</u>	<u>0</u>	<u>705,831</u>
Cash Disbursements				
Current:				
General Government	88,610	102,989		191,599
Public Safety		98,781	9,967	108,748
Public Works		84,146		84,146
Health	15,598	88,336		103,934
Capital Outlay			9,033	9,033
Debt Service:				
Principal Retirement		117,524		117,524
Interest and Fiscal Charges		5,840		5,840
Total Cash Disbursements	<u>104,208</u>	<u>497,616</u>	<u>19,000</u>	<u>620,824</u>
Excess of Receipts Over Disbursements	<u>59,159</u>	<u>44,848</u>		<u>85,007</u>
Other Financing Receipts (Disbursements):				
Sale of Capital Assets			19,000	19,000
Transfers In		25,000		25,000
Transfers Out	(25,000)			(25,000)
Other Financing Sources	69			69
Total Other Financing Receipts (Disbursements)	<u>(24,931)</u>	<u>25,000</u>		<u>19,069</u>
Net Change in Fund Cash Balances	34,228	69,848		104,076
Fund Cash Balances, January 1	<u>345,135</u>	<u>491,494</u>	<u>0</u>	<u>836,629</u>
Fund Cash Balances, December 31	<u>\$379,363</u>	<u>\$561,342</u>	<u>\$0</u>	<u>\$940,705</u>

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

LIBERTY TOWNSHIP, HARDIN COUNTY

**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2021**

	Private Purpose Trust
Additions	
Earnings on Investments	\$6
Total Additions	<u>6</u>
Net Change in Fund Cash Balances	6
Fund Cash Balances, January 1	<u>13,052</u>
Fund Cash Balances, December 31	<u><u>\$13,058</u></u>

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

**LIBERTY TOWNSHIP
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Liberty Township, Hardin County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance, and fire services to the Township. The Township is a member of the Ada Liberty Joint Ambulance District, which provides medical services to the Township.

Jointly Governed Organizations and Public Entity Risk Pool

The Township participates in jointly governed organizations and a public entity risk pool. Notes 7 and 11 to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Fund:

Fire District Fund – This fund receives property tax money and charges for services to provide fire services.

Special Levy New Truck Fund – This fund receives property tax money and donations for the purchase of new fire apparatus and equipment.

Fiduciary Funds Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust funds are for the benefit of certain individuals.

**LIBERTY TOWNSHIP
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 (Continued)**

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund except certain custodial funds 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 of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2021 budgetary activity appears in Note 4.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**LIBERTY TOWNSHIP
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 (Continued)**

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, receipts were not correctly recorded in the Special Revenue Motor Vehicle License Tax, Permissive Motor Vehicle License Tax, Fire Fund, New Fire Truck funds. Also contrary to Ohio Law, a separate fund was not established to account for permissive motor vehicle license tax receipts and for recording the proceeds from the sale of a capital asset.

**LIBERTY TOWNSHIP
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 (Continued)**

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 168,931	\$ 163,436	\$ (5,495)
Special Revenue	427,534	567,464	139,930
Capital Projects	19,000	19,000	-
Private-Purpose Trust	11	6	(5)
Total	\$ 615,476	\$ 749,906	\$ 134,430

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 325,600	\$ 131,008	\$ 194,592
Special Revenue	555,980	499,880	56,100
Capital Projects	19,000	19,000	-
Private-Purpose Trust	-	-	-
Total	\$ 900,580	\$ 649,888	\$ 250,692

Note 5 – Deposits and Investments

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

Demand deposits	\$ 927,549
Total deposits	927,549
STAR Ohio	26,214
Total investments	26,214
Total deposits and investments	\$ 953,763

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**LIBERTY TOWNSHIP
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 (Continued)**

Note 6 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 Township.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 7 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

Cash and investments	\$34,880,599
Actuarial liabilities	\$ 10,601,444

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Township 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

**LIBERTY TOWNSHIP
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 (Continued)**

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
Fire Truck Loan	\$219,435	1.95%
OPWC Loan CP34W	\$54,795	0.00%
Total	\$274,230	

In 2020 the Township was issued a \$326,000 loan to finance the purchase of a new fire truck (Pumper Side Mount on Spartan Gladiator Chassis). This loan is being paid in semi-annual installments at an interest rate of 1.95% out of the special levy-new truck fund over three years, with principal and interest payments due in March and September of each year.

In 2020 the Township received Ohio Public Works Commission (OPWC) Loan CP34W for Township Road 55 Improvements. This loan is being paid in semi-annual installments at an interest rate of 0% out of the special revenue gas tax fund with the final payment being due in 2026.

Amortization

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

Year Ending December 31:	Fire Truck Loan	OPWC Loan CP34W
2022	\$112,405	\$10,959
2023	112,405	10,959
2024		10,959
2025		10,959
2026		10,959
Total	\$224,810	\$54,795

**LIBERTY TOWNSHIP
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 (Continued)**

Note 11 – Jointly Governed Organizations

A. Hardin County Regional Planning Commission

The Hardin Regional Planning Commission (the Commission) is a jointly governed organization between the County, the Municipalities, and the Townships within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty-seven members, any of which may hold any other public office. The Township is represented by one member.

The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. Each participating government may be required to contribute an assessment per capita, according to the latest federal census, in any calendar year in which the revenue is needed. Financial information can be obtained from Mark Doll, Director, One Courthouse Square, Suite 130, Kenton.

B. Ada-Liberty Joint Ambulance District

A three-member Board of Trustees governs the District. The Board of Trustees consists of one member appointed by each subdivision plus one member appointed by the other two members. Those subdivisions are the Village of Ada and Liberty Township in Hardin County.

The District provides emergency medical services within the District and by contract to areas outside the District. Financial information can be obtained from Nancy Kindle, Fiscal Officer, 530 North Gilbert Street, Ada, Ohio 45810.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The 2021 activity includes, \$7,843 which was sub-granted to another government. This amount is reflected as general government disbursements in the applicable Special Revenue Fund.

**LIBERTY TOWNSHIP
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021 (Continued)**

Note 13 – Fund Balances

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Outstanding Encumbrances	\$1,800	\$2,264	\$0	\$4,064
Total	\$1,800	\$2,264	\$0	\$4,064

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue, and capital projects would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

LIBERTY TOWNSHIP, HARDIN COUNTY

Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$129,892	\$192,992	\$322,884
Charges for Services		\$47,099	47,099
Licenses, Permits and Fees		24,755	24,755
Intergovernmental	25,735	413,711	439,446
Earnings on Investments	907	78	985
Miscellaneous	25,326	27,033	52,359
<i>Total Cash Receipts</i>	<u>181,860</u>	<u>705,668</u>	<u>887,528</u>
Cash Disbursements			
Current:			
General Government	102,591	26,671	129,262
Public Safety		117,162	117,162
Public Works		286,195	286,195
Health	15,502	81,914	97,416
Capital Outlay		680,066	680,066
Debt Service:			
Principal Retirement		10,959	10,959
Interest and Fiscal Charges			0
<i>Total Cash Disbursements</i>	<u>118,093</u>	<u>1,202,967</u>	<u>1,321,060</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>63,767</u>	<u>(497,299)</u>	<u>(433,532)</u>
Other Financing Receipts (Disbursements):			
Loans Issued		402,713	402,713
Transfers In		30,000	30,000
Transfers Out	(30,000)		(30,000)
Other Financing Sources	70		70
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(29,930)</u>	<u>432,713</u>	<u>402,783</u>
<i>Net Change in Fund Cash Balances</i>	33,837	(64,586)	(30,749)
<i>Fund Cash Balances, January 1</i>	<u>311,298</u>	<u>556,080</u>	<u>867,378</u>
<i>Fund Cash Balances, December 31</i>	<u>\$345,135</u>	<u>\$491,494</u>	<u>\$836,629</u>

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

LIBERTY TOWNSHIP, HARDIN COUNTY

**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type**
For the Year Ended December 31, 2020

	Private Purpose Trust
Additions	
Earnings on Investments	\$6
<i>Total Additions</i>	<u>6</u>
<i>Net Change in Fund Cash Balances</i>	6
<i>Fund Cash Balances, January 1</i>	<u>13,046</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$13,052</u></u>

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

**LIBERTY TOWNSHIP
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Liberty Township, Hardin County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance, and fire services to the Township. The Township is a member of the Ada Liberty Joint Ambulance District, which provides medical services to the Township.

Jointly Governed Organizations and Public Entity Risk Pool

The Township participates in jointly governed organizations and a public entity risk pool. Notes 7 and 11 to the financial statements provide additional information for these entities. The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for the fiduciary fund type.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Fund:

Special Levy New Truck Fund – This fund receives property tax money and donations for the purchase of new fire apparatus and equipment.

Fiduciary Funds Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township’s own programs.

The Township’s private purpose trust funds are for the benefit of certain individuals.

**LIBERTY TOWNSHIP
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 (Continued)**

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

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 of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 4.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**LIBERTY TOWNSHIP
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 (Continued)**

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, receipts were not correctly recorded in the Special Revenue Motor Vehicle License Tax, Permissive Motor Vehicle License Tax, Fire Fund, New Fire Truck funds. Also contrary to Ohio Law, a separate fund was not established to account for permissive tax receipts.

**LIBERTY TOWNSHIP
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 (Continued)**

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 157,721	\$ 181,930	\$ 24,209
Special Revenue	1,049,900	1,138,381	88,481
Private-Purpose Trust	80	6	(74)
Total	\$ 1,207,701	\$ 1,320,317	\$ 112,616

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 297,920	\$ 148,094	\$ 149,826
Special Revenue	1,411,963	1,336,601	75,362
Private-Purpose Trust	-	-	-
Total	\$ 1,709,883	\$ 1,484,695	\$ 225,188

Note 5 – Deposits and Investments

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

Demand deposits	\$ 823,488
Total deposits	823,488
STAR Ohio	26,193
Total investments	26,193
Total deposits and investments	\$ 849,681

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**LIBERTY TOWNSHIP
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 (Continued)**

Note 6 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 Township

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 7 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2020:

Cash and investments	\$36,348,066
Actuarial liabilities	\$ 10,894,146

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Township 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

**LIBERTY TOWNSHIP
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 (Continued)**

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 10 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Fire Truck Loan	\$326,000	1.95%
OPWC Loan CP34W	\$65,754	0.00%
Total	\$391,754	

In 2020 the Township was issued a \$326,000 loan to finance the purchase of a new fire truck (Pumper Side Mount on Spartan Gladiator Chassis). This loan is being paid in semi-annual installments at an interest rate of 1.95% out of the special levy new truck fund over three years, with principal and interest payments due in March and September of each year.

In 2020 the Township received a \$76,713 Ohio Public Works Commission (OPWC) Loan CP34W for Township Road 55 Improvements. This loan is being paid in semi-annual installments at an interest rate of 0% out of the special revenue gasoline tax fund with the final payment being due in 2026.

Amortization

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

Year Ending December 31:	Fire Truck Loan	OPWC Loan CP34W
2021	\$112,405	\$10,959
2022	112,405	10,959
2023	112,405	10,959
2024		10,959
2025		10,959
2026		10,959
Total	\$337,215	\$65,754

**LIBERTY TOWNSHIP
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 (Continued)**

Note 11 – Jointly Governed Organizations

A. Hardin County Regional Planning Commission

The Hardin Regional Planning Commission (the Commission) is a jointly governed organization between the County, the Municipalities, and the Townships within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty-seven members, any of which may hold any other public office. The Township is represented by one member.

The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. Each participating government may be required to contribute an assessment per capita, according to the latest federal census, in any calendar year in which the revenue is needed. Financial information can be obtained from Mark Doll, Director, One Courthouse Square, Suite 130, Kenton.

B. Ada-Liberty Joint Ambulance District

A three-member Board of Trustees governs the District. The Board of Trustees consists of one member appointed by each subdivision plus one member appointed by the other two members. Those subdivisions are the Village of Ada and Liberty Township in Hardin County.

The District provides emergency medical services within the District and by contract to areas outside the District. Financial information can be obtained from Nancy Kindle, Fiscal Officer, 530 North Gilbert Street, Ada, Ohio 45810.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2020, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The 2020 activity includes, \$24,527 which was sub-granted to another government. This amount is reflected as general government disbursements in the applicable Special Revenue Fund on the accompanying financial statements.

**LIBERTY TOWNSHIP
HARDIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 (Continued)**

Note 13 – Fund Balances

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$1	\$133,634	\$133,635
Total	\$1	\$133,634	\$133,635

The fund balance of special revenue funds is either restricted or committed. In the general fund, outstanding encumbrances are considered assigned.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Liberty Township
Hardin County
P.O. Box 327
110 E. Buckeye Avenue
Ada, Ohio 45810

To the Board of Trustees:

We have audited, in accordance the with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards), the financial statements of the cash balances, receipts, and disbursements for each governmental and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of Liberty Township, Hardin County, (the Township) and have issued our report thereon dated January 5, 2023, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. 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 Township's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2021-001, 2021-003, and 2021-004 to be material weaknesses.

Efficient • Effective • Transparent

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings as item 2021-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under Government Auditing Standards which are described in the accompanying schedule of findings as items 2021-002 through 2021-004.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 5, 2023

LIBERTY TOWNSHIP
HARDIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-001

Material Weakness – Accuracy of Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to a lack of internal controls over the financial reporting process the following errors were identified and adjusted in the accompanying financial statements and notes to the financial statements:

For the Year Ended December 31, 2021:

- Fire truck loan debt principal payments in the amount of \$106,565 and interest payments in the amount of \$5,840 (total debt payments of \$112,405) from the Special Revenue New Truck Fund were recorded as capital outlay disbursements instead of as debt service principal and interest disbursements;
- Donations to the fire department in the amount of \$17,900 were recorded as other financing receipts - other financing sources instead of as miscellaneous receipts in the Special Revenue New Truck Fund; and
- Ohio Public Works Commission (OPWC) loan principal payments in the amount of \$10,959 were recorded as public works disbursements instead of debt principal payments in the Special Revenue Gasoline Tax Fund.

For the Year Ended December 31, 2020:

- Disbursements in the amount of \$678,310 related to the purchase of the new fire truck were recorded as public safety disbursements instead of capital outlay disbursements in the Special Revenue New Truck Fund;
- Bureau of Workers' Compensation (BWC) rebates in the amount of \$14,604 were recorded as intergovernmental receipts instead of miscellaneous receipts in the General Fund;
- Homestead and rollback receipts in the amount of \$2,477 were recorded as property tax receipts instead of intergovernmental receipts in the General Fund;
- Local government receipts in the amount of \$551 were recorded as property and other local taxes in the General Fund instead of intergovernmental receipts;
- The Township Road 55 Improvement project in the amount of \$193,340 was funded by a \$116,627 OPWC grant and a \$76,713 OPWC loan. OPWC disbursed the project payments directly to the vendors for this project. Grant proceeds of \$116,627, loan proceeds of \$76,713 and public works disbursements of \$193,340 were not recorded in the Special Revenue Gasoline Tax Fund;

**FINDING NUMBER 2021-001
(Continued)**

- OPWC loan principal payments in the amount of \$10,959 in the Gasoline Tax Fund were recorded as public works disbursements instead of debt principal payments.

In addition, errors and/or updates were also identified and corrected in the notes to the financial statements, including but not limited to, disclosure for budgeted vs. actual budgetary basis expenditures, debt, and post employment benefits.

Financial reporting errors not only may result in material misstatements but may also impact the users' understanding of the financial statements.

Prior to filing, the Township should perform a detailed review of the annual financial report. The Ohio Township Handbook and the Uniform Accounting Network (UAN) Accounting & General Manual can be used as resources for the recording of receipts and disbursements.

FINDING NUMBER 2021-002

Noncompliance Citation / Significant Deficiency

Ohio Rev. Code § 5705.09(F) requires each subdivision to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

Due to a lack of internal controls over the establishment of funds the Township did not establish a Permissive Motor Vehicle License Tax Fund to record receipts from the collection of permissive motor vehicle license tax receipts. As a result, the following recording errors were identified:

- In 2021 and 2020 permissive motor vehicle license tax receipts in the amount of \$7,669 and \$4,993, respectively, were recorded in the General Fund; and
- In 2020 permissive motor vehicle license tax receipts in the amount of \$2,288 were recorded in the Special Revenue Motor Vehicle License Tax Fund.

The failure to establish a separate fund for each type of receipt required to be used for a particular purpose increases the risk of the illegal expenditure of the receipts.

The accompany financial statements and accounting records have been adjusted to record these receipts in a Permissive Motor Vehicle License Tax Fund. In addition, the Township should review the General Fund disbursements to identify any related disbursements that can be adjusted into the Motor Vehicle License Tax Fund.

The Township should monitor receipts to ensure a separate fund is established for each type of receipt which the law requires to be used for a particular purpose. The Ohio Township Handbook and the Uniform Accounting Network (UAN) Accounting & General Manual can be used as resources for the establishment of funds.

FINDING NUMBER 2021-003

Noncompliance Citation / Material Weakness

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

Due to a lack of internal controls to ensure that restricted receipts are recorded in the correct fund, the following errors were identified:

- In 2021 homestead and rollback receipts from the 1st half settlement in the amount of \$7,225 were recorded in the General fund instead of allocating \$5,365 to the Special Revenue Fire Fund and \$1,860 to the Special Revenue New Truck Fund;
- In 2021 homestead and rollback receipts from the 2nd half settlement in the amount of \$7,250 were recorded in the General Fund instead of allocating \$5,383 to the Special Revenue Fire Fund and \$1,867 to the Special Revenue New Truck Fund;
- In 2021 motor vehicle license tax receipts in the amount of \$1,157 were recorded in the General Fund instead of the Special Revenue Motor Vehicle License Tax Fund;
- In 2020 homestead and rollback receipts from the 1st half settlement in the amount of \$7,196 were recorded in the General Fund instead of allocating \$5,362 to the Special Revenue Fire Fund and \$1,834 to the Special Revenue New Truck Fund;
- In 2020 homestead and rollback receipts from the 2nd half settlement in the amount of \$7,216 were recorded in the General Fund instead of allocating \$5,377 to the Special Revenue Fire Fund and \$1,839 to the Special Revenue New Truck Fund; and

The accompanying financial statements and the accounting records have been adjusted to correct these errors.

The failure to record receipts restricted for a particular purpose in the appropriate fund increases the risk of the illegal expenditure of the receipts.

The Township should monitor receipts to ensure that receipts which the law prescribes shall be used for a particular purpose are recorded in a fund for the particular purpose. The Ohio Township Handbook and the Uniform Accounting Network (UAN) Accounting & General Manual can be used as resources for determining which funds to use for the recording of receipts.

FINDING NUMBER 2021-004

Noncompliance Citation / Material Weakness

Ohio Rev. Code § 5705.10(F), states, in part, if a permanent improvement of the subdivision is sold, the amount received from the sale shall be paid into the sinking fund, the bond retirement fund, or a special fund for the construction or acquisition of permanent improvements.

Due to a lack of internal controls over the establishment of funds, in 2021, the proceeds from the sale of a fire truck in the amount of \$19,000 were recorded in the Special Revenue New Truck Fund instead of recording the receipts in a Capital Projects Fund.

The accompanying financial statements have been adjusted to report the proceeds from the sale of the fire truck in a Capital Projects Fund.

FINDING NUMBER 2021-004
(Continued)

The Township should monitor receipts to ensure a separate fund is established for each type of receipt which the law requires to be used for a particular purpose. The Ohio Township Handbook and the Uniform Accounting Network (UAN) Accounting & General Manual can be used as resources for the establishment of funds.

OFFICIALS' RESPONSE: We did not receive a response from Officials to the findings reported above.

LIBERTY TOWNSHIP TRUSTEES
110 E. BUCKEYE AVENUE
P.O. BOX 327
ADA, OH 45810

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Financial Reporting	Not Corrected	Repeated as Findings 2021-001 and 2021-003
2019-002	Bank to Book Reconciliations	Corrected	N/A
2019-003	Budgetary Controls	Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



LIBERTY TOWNSHIP

HARDIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 1/31/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov