

**LIBERTY TOWNSHIP**  
**CRAWFORD COUNTY**  
REPORT ON FINANCIAL STATEMENTS  
DECEMBER 31, 2008





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Liberty Township  
3948 Ridgeton Road  
Bucyrus, Ohio 44820

We have reviewed the *Independent Auditors' Report* of Liberty Township, Crawford County, prepared by Holbrook & Manter, for the audit period January 1, 2008 through December 31, 2008. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

October 26, 2010

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Liberty Township  
Crawford County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty Township, Crawford County, Ohio, (the Township) as of and for the year ended December 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. 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.

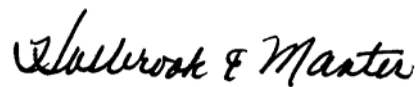
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 discussed in Note 2, the Township has prepared these financial statements using the modified cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty Township, Crawford County, as of December 31, 2008, and the respective changes in modified cash basis financial position and the respective budgetary comparison for the General, Gasoline Tax, Special Fire Levy and Fire Equipment Special Levy funds thereof for the year then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2010 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 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 internal control over financial reporting or on compliance. 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.



Certified Public Accountants

July 26, 2010

**LIBERTY TOWNSHIP  
CRAWFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

This discussion and analysis of the Liberty Township's financial performance provides an overall review of the Government's financial activities for the year ended December 31, 2008, within the limitations of the Government's modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Government's financial performance.

**Highlights**

Key highlights for 2008 are as follows:

Net assets of governmental activities increased \$85,445 or 22 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, Special Fire Levy Fund, and the Fire Equipment Fund, which realized the greatest burden of increased costs in 2008; however, cost increases affected most funds. The amount received from property taxes increased a small proportion in all levy funds. The biggest increase comes from an unexpected Estate Tax Settlement in the amount of \$50,286 and \$4,000 in interest from Star Ohio.

The Government's general receipts are primarily property taxes. These receipts represent 55 percent of the total cash received for governmental activities during the year. Property tax receipts for 2008 changed very little compared to 2007 as development within the Government has slowed.

Health care continues to be a concern for townships as the premiums continue to increase at every renewal period. The Township decided to offer reimbursement of insurance premiums instead of a group policy effective 1-1-08 and will continue the group policy for those on the policy until they run for re-election. The group policy is too costly for the General fund to tolerate. The reimbursement policy was put on hold until the State of Ohio General Assembly reconvenes and makes a decision on this issue.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Government's modified cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Government as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Government as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Government has elected to present its financial statements on the modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Government's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.



**LIBERTY TOWNSHIP  
CRAWFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

**Basis of Accounting** (continued)

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**Reporting the Government as a Whole**

The statement of net assets and the statement of activities reflect how the Government did financially during 2008, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Government's general receipts.

These statements report the Government's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Government's financial health. Over time, increases or decreases in the Government's cash position is one indicator of whether the Government's financial health is improving or deteriorating. When evaluating the Government's financial condition, you should also consider other nonfinancial factors as well such as the Government's property tax base, the condition of the Government's capital assets and infrastructure, the extent of the Government's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Government into one type of activity:

Governmental activities. Most of the Government's basic services are reported here, including fire, streets and roads. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Government's Most Significant Funds**

Fund financial statements provide detailed information about the Government's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Special Fire Levy fund and the Fire Equipment Special Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**LIBERTY TOWNSHIP  
CRAWFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

**The Government as a Whole**

Table 1 provides a summary of the Government's net assets for 2008 compared to 2007 on a modified cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities	
	2008	2007
<b>Assets</b>		
Cash and Cash Equivalents	\$ 228,625	\$ 164,013
Investments	153,920	133,087
Total Assets	\$ 382,545	\$ 297,100
<b>Net Assets</b>		
Other Purposes	\$ 218,586	\$ 171,123
Unrestricted	163,959	125,977
Total Net Assets	\$ 382,545	\$ 297,100

As mentioned previously, net assets of governmental activities increased \$85,445 or 22 percent during 2008. The primary reasons contributing to the increases in cash balances are as follows:

- Local tax receipts are up due to unpaid taxes being paid. The State House Bill 66 "Freeze" on Local Government Funds did not affect the increase. In addition, Personal Property tax is going down 25% per year until it will be eliminated so in the future it could negatively affect the funds.
- The receipt of \$50,286 in unexpected Estate monies
- The increase in Gasoline Tax receipts was the biggest factor.
- The Township had several roads that needed repairs and repaving which was done at a cost of \$78,708.
- A snow storm occurred this year resulting in extra work and supplies to get the roads cleaned up at a cost of \$2,749.

**LIBERTY TOWNSHIP  
CRAWFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

Table 2 reflects the changes in net assets in 2008 and 2007.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2008	Governmental Activities 2007
<b>Receipts:</b>	<u>                    </u>	<u>                    </u>
Program Receipts:		
Charges for Services and Sales	\$ 9,020	\$ 9,043
Operating Grants and Contributions	109,007	112,461
Total Program Receipts	<u>118,027</u>	<u>121,504</u>
General Receipts/Special items:		
Property and Other Local Taxes	101,155	97,071
Special item	2,081	
Grants and Entitlements Not Restricted to Specific Programs	50,286	18,048
Interest	4,703	6,294
Miscellaneous	<u>28,586</u>	<u>22,373</u>
Total General Receipts/Special items	<u>186,811</u>	<u>143,786</u>
Total Receipts	<u>304,838</u>	<u>265,290</u>
Disbursements:		
General Government	58,103	47,809
Security of Persons and Property:	27,999	29,771
Public Health Services	1,480	2,459
Public Works	127,250	61,007
Capital Outlay	<u>4,561</u>	<u>92,178</u>
Total Disbursements	<u>219,393</u>	<u>233,224</u>
Change in net assets	85,445	32,066
Net Assets, Beginning of the year	<u>297,100</u>	<u>265,034</u>
Net Assets, End of the year	<u>\$ 382,545</u>	<u>\$ 297,100</u>

**LIBERTY TOWNSHIP  
CRAWFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

Program receipts represent only 39 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, and Rollback, Homestead and Personal Property tax.

General receipts represent 61 percent of the Government's total receipts, and of this amount, over 33 percent are local taxes. State and federal grants and entitlements make up the balance of the Government's general receipts (2 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Government and the support services provided for the other Government activities. These include the costs of the board of trustees, the auditor, treasurer, and income tax departments, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to 33% of General Fund unrestricted receipts.

Security of Persons and Property are the costs of fire protection; Public Health Services is the health department; and Public Works is the cost of maintaining the roads.

**Governmental Activities**

If you look at the Statement of Activities on page 1, you will see that the first columns list the major services provided by the Government. The next columns identify the costs of providing these services. The major program disbursements for governmental activities are for Public Works and security of persons and property, which account for 66 and 13 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 20 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
	<u>2008</u>	<u>2008</u>	<u>2007</u>	<u>2007</u>
General Government	\$ 58,103	\$ ( 50,462)	\$ 47,810	\$ ( 36,265)
Security of Persons and Property	27,999	( 19,999)	29,771	( 21,770)
Public Health Services	1,480	( 460)	2,459	( 1,415)
Public Works	127,250	( 25,884)	61,007	39,908
Capital Outlay	4,561	( 4,561)	92,178	( 92,178)
	<u>219,393</u>	<u>( 101,366)</u>	<u>233,225</u>	<u>( 111,720)</u>
Total Expenses	\$ <u>219,393</u>	\$ <u>( 101,366)</u>	\$ <u>233,225</u>	\$ <u>( 111,720)</u>

**LIBERTY TOWNSHIP  
CRAWFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

The dependence upon property tax receipts is apparent as over 33 percent of governmental activities are supported through these general receipts.

*The Government's Funds*

Total governmental funds had receipts of \$304,838 and disbursements of \$219,393. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$37,978 as the result of unexpected Estate Tax Monies.

General Fund receipts were more than disbursements by \$37,978 (before transfers out) indicating that the General Fund is in a positive spending situation. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers and it appears to be working. Some of these reductions have already been implemented for 2008 including curbing the spending on new township equipment. This curbing will not eliminate the need for additional funds (or cuts) in the future if the growth in property tax remains slow, and yet costs keep increasing.

**General Fund Budgeting Highlights**

The Government's budget is prepared according to Ohio law and is based upon accounting for certain transfers on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2008, the Government did not amend its General Fund budget. Final budgeted receipts were equal to original budgeted receipts. The difference between final budgeted receipts and actual receipts included a drop in property tax receipts but an increase in Gasoline Tax Receipts and the General Fund from Estate Tax.

Final disbursements were budgeted at \$190,207 while actual disbursements were \$65,175. Although receipts did live up to expectations, appropriations were not reduced. The investment of Estate monies received created an increase in interest earned, and with two major storms, expenditures increased somewhat. The result is the increase in the fund balance of \$37,978 for 2008.

**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a deficit for 2009; therefore, the finance committee and the administration implemented a strategy to delay the deficit. This plan became effective for 2006. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Government. The only large spending will be done for the anticipated public safety equipment, which the monies are already earmarked and available for that purchase. We expect to spend more on repair and paving of roads as the cost of road materials has sharply increased with the end result being that we can only pave smaller portions of roads or chip and seal paved roads. This years expenditures for paving were \$78,708 which is slight decrease from past years but we are being forced to decrease the number of roads being fixed due to the high cost involved in materials to fix them.

**LIBERTY TOWNSHIP  
CRAWFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the Government's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ruth Ann Crabaugh, Fiscal Officer; Liberty Township, 3948 Ridgeton Road, Bucyrus, Ohio 44820.

**LIBERTY TOWNSHIP**  
**CRAWFORD COUNTY**  
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
AS OF DECEMBER 31, 2008

	<b>Governmental Activities</b>
<b>ASSETS:-</b>	
Equity in pooled cash and cash equivalents	\$ 228,625
Investments	153,920
<b>Total assets</b>	<b>\$ 382,545</b>
 <b>NET ASSETS:-</b>	
Other purposes	\$ 218,586
Unrestricted	163,959
<b>Total net assets</b>	<b>\$ 382,545</b>

See accompanying notes to the basic financial statements

**LIBERTY TOWNSHIP**  
**CRAWFORD COUNTY**  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
<b>GOVERNMENTAL ACTIVITIES:-</b>						
General government	\$ 58,103	\$ 0	\$ 7,641	\$ 0	\$ ( 50,462)	\$ ( 50,462)
Public safety	27,999	8,000	0	0	( 19,999)	( 19,999)
Public works	127,250	0	101,366	0	( 25,884)	( 25,884)
Public health services	1,480	1,020	0	0	( 460)	( 460)
Capital outlay	4,561	0	0	0	( 4,561)	( 4,561)
<b>Total governmental activities</b>	\$ 219,393	\$ 9,020	\$ 109,007	\$ 0	\$ ( 101,366)	\$ ( 101,366)
 <b>GENERAL RECEIPTS:-</b>						
Property taxes					\$ 101,155	\$ 101,155
Grants and entitlements not restricted to specific programs					50,286	50,286
Earnings on investments					4,703	4,703
Miscellaneous					28,586	28,586
Total general receipts					184,730	184,730
Special items					2,081	2,081
Total general receipts, special items					186,811	186,811
Change in net assets					85,445	85,445
Net assets beginning of year					297,100	297,100
<b>Net assets at end of year</b>					\$ 382,545	\$ 382,545

See accompanying notes to the basic financial statements



**LIBERTY TOWNSHIP**  
**CRAWFORD COUNTY**  
STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
AS OF DECEMBER 31, 2008

**ASSETS**

	<b>General</b>	<b>Gasoline Tax</b>	<b>Special Fire Levy</b>	<b>Fire Equipment Spec. Levy</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Equity in pooled cash and cash equivalents and investments	\$ 163,959	\$ 19,071	\$ 57,868	\$ 97,290	\$ 44,357	\$ 382,545
<b>Total assets</b>	<b>\$ 163,959</b>	<b>\$ 19,071</b>	<b>\$ 57,868</b>	<b>\$ 97,290</b>	<b>\$ 44,357</b>	<b>\$ 382,545</b>

**FUND BALANCES**

<b>RESERVED:-</b>						
Reserved for encumbrances	\$ 35	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35
<b>UNRESERVED:-</b>						
Undesignated, reported in:-						
General fund	163,924	0	0	0	0	163,924
Special revenue funds	0	19,071	57,868	97,290	44,357	218,586
<b>Total fund balances</b>	<b>\$ 163,959</b>	<b>\$ 19,071</b>	<b>\$ 57,868</b>	<b>\$ 97,290</b>	<b>\$ 44,357</b>	<b>\$ 382,545</b>

See accompanying notes to the basic financial statements

**LIBERTY TOWNSHIP  
CRAWFORD COUNTY**  
STATEMENT OF MODIFIED CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
- MODIFIED CASH BASIS GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire Levy</u>	<u>Fire Equipment Spec. Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>RECEIPTS:-</b>						
Property and other local taxes	\$ 42,640	\$ 0	\$ 13,816	\$ 22,014	\$ 22,686	\$ 101,156
Charges for services	0	0	8,000	0	0	8,000
License, permits, and fees	1,019	0	0	0	0	1,019
Intergovernmental	50,293	89,722	1,473	1,680	16,125	159,293
Earnings on investments	4,501	164	0	0	38	4,703
Miscellaneous	4,700	0	15,057	0	8,829	28,586
Total receipts	<u>103,153</u>	<u>89,886</u>	<u>38,346</u>	<u>23,694</u>	<u>47,678</u>	<u>302,757</u>
<b>DISBURSEMENTS:-</b>						
Current:-						
General government	57,114	0	189	200	600	58,103
Public safety	3,296	0	14,037	9,907	759	27,999
Public works	0	90,359	3,462	0	33,429	127,250
Health	1,480	0	0	0	0	1,480
Capital outlay	3,285	0	0	0	1,276	4,561
Total disbursements	<u>65,175</u>	<u>90,359</u>	<u>17,688</u>	<u>10,107</u>	<u>36,064</u>	<u>219,393</u>
Excess of receipts over (under) disbursements	<u>37,978</u>	<u>( 473)</u>	<u>20,658</u>	<u>13,587</u>	<u>11,614</u>	<u>83,364</u>
<b>Other financing sources (uses):-</b>						
Special items	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,081</u>	<u>0</u>	<u>2,081</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,081</u>	<u>0</u>	<u>2,081</u>
Net change in fund balances	37,978	( 473)	20,658	15,668	11,614	85,445
Fund balances beginning of year	<u>125,981</u>	<u>19,544</u>	<u>37,210</u>	<u>81,622</u>	<u>32,743</u>	<u>297,100</u>
<b>Fund balances end of year</b>	<u>\$ 163,959</u>	<u>\$ 19,071</u>	<u>\$ 57,868</u>	<u>\$ 97,290</u>	<u>\$ 44,357</u>	<u>\$ 382,545</u>

See accompanying notes to the basic financial statements

**LIBERTY TOWNSHIP**  
**CRAWFORD COUNTY**  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>RECEIPTS:-</b>				
Property and other local taxes	\$ 40,245	\$ 40,245	\$ 42,640	\$ 2,395
License, permits, and fees	1,000	1,000	1,019	19
Intergovernmental	20,635	20,635	50,293	29,658
Earning on investments	5,900	5,900	4,501	( 1,399)
Miscellaneous	125	125	4,700	4,575
Total receipts	67,905	67,905	103,153	35,248
<b>DISBURSEMENTS:-</b>				
Current:-				
General government	73,470	73,470	57,149	16,321
Public safety	4,137	4,137	3,296	841
Public works	40,000	40,000	0	40,000
Health	2,600	2,600	1,480	1,120
Capital outlay	70,000	70,000	3,285	66,715
Total disbursements	190,207	190,207	65,210	124,997
Excess of receipts over (under) disbursements	( 122,302)	( 122,302)	37,943	160,245
Fund balance beginning of year	125,981	125,981	125,981	0
<b>Fund balance end of year</b>	<b>\$ 3,679</b>	<b>\$ 3,679</b>	<b>\$ 163,924</b>	<b>\$ 160,245</b>

See accompanying notes to the basic financial statements

**LIBERTY TOWNSHIP**  
**CRAWFORD COUNTY**  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GASOLINE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>(Optional)</b>
	<u>Original</u>	<u>Final</u>		<b>Variance with</b>
				<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>RECEIPTS:-</b>				
Property and other local taxes	\$ 0	\$ 0	\$ 0	\$ 0
License, permits, and fees	0	0	0	0
Intergovernmental	89,000	89,000	89,722	722
Earning on investments	366	366	164	( 202)
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total receipts	89,366	89,366	89,886	520
<b>DISBURSEMENTS:-</b>				
Current:-				
General government	0	0	0	0
Public safety	0	0	0	0
Public works	106,231	106,231	90,359	15,872
Health	0	0	0	0
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total disbursements	<u>106,231</u>	<u>106,231</u>	<u>90,359</u>	<u>15,872</u>
Net change in fund balance	( 16,865)	( 16,865)	( 473)	16,392
Fund balance beginning of year	<u>19,544</u>	<u>19,544</u>	<u>19,544</u>	<u>0</u>
<b>Fund balance end of year</b>	<u><u>\$ 2,679</u></u>	<u><u>\$ 2,679</u></u>	<u><u>\$ 19,071</u></u>	<u><u>\$ 16,392</u></u>

See accompanying notes to the basic financial statements

**LIBERTY TOWNSHIP**  
**CRAWFORD COUNTY**  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
SPECIAL FIRE LEVY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>(Optional)</b>
	<u>Original</u>	<u>Final</u>		<b>Variance with Final Budget Positive (Negative)</b>
<b>RECEIPTS:-</b>				
Property and other local taxes	\$ 13,174	\$ 13,174	\$ 13,816	\$ 642
Charges for services	8,000	8,000	8,000	0
Intergovernmental	1,543	1,543	1,473	( 70)
Earning on investments	0	0	0	0
Miscellaneous	7,500	7,500	15,057	7,557
Total receipts	30,217	30,217	38,346	8,129
<b>DISBURSEMENTS:-</b>				
Current:-				
General government	400	400	189	211
Public safety	43,173	43,173	14,037	29,136
Public works	5,000	5,000	3,462	1,538
Health	0	0	0	0
Capital outlay	17,000	17,000	0	17,000
Total disbursements	65,573	65,573	17,688	47,885
Excess of Receipts Over (Under) Disbursements	( 35,356)	( 35,356)	20,658	56,014
Fund balance beginning of year	37,210	37,210	37,210	0
<b>Fund balance end of year</b>	<u>\$ 1,854</u>	<u>\$ 1,854</u>	<u>\$ 57,868</u>	<u>\$ 56,014</u>

See accompanying notes to the basic financial statements

**LIBERTY TOWNSHIP**  
**CRAWFORD COUNTY**  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
FIRE EQUIPMENT SPECIAL LEVY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>(Optional)</b> <b>Variance with</b> <b>Final Budget</b> <b>Positive</b> <b>(Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS:-</b>				
Property and other local taxes	\$ 21,463	\$ 21,463	\$ 22,014	\$ 551
Charges for services	0	0	0	0
Intergovernmental	2,517	2,517	1,680	( 837)
Earning on investments	0	0	0	0
Miscellaneous	<u>1,030</u>	<u>1,030</u>	<u>0</u>	<u>( 1,030)</u>
Total receipts	25,010	25,010	23,694	( 1,316)
<b>DISBURSEMENTS:-</b>				
Current:-				
General government	250	250	200	50
Public safety	104,250	104,250	9,907	94,343
Public works	0	0	0	0
Capital outlay	0	0	0	0
Health	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total disbursements	<u>104,500</u>	<u>104,500</u>	<u>10,107</u>	<u>94,393</u>
Excess of receipts over (under) disbursements	<u>( 79,490)</u>	<u>( 79,490)</u>	<u>13,587</u>	<u>93,077</u>
<b>OTHER FINANCING SOURCES (USES):-</b>				
Special items	<u>0</u>	<u>0</u>	<u>2,081</u>	<u>2,081</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>2,081</u>	<u>2,081</u>
Net change in fund balance	( 79,490)	( 79,490)	15,668	95,158
Fund balance beginning of year	<u>81,622</u>	<u>81,622</u>	<u>81,622</u>	<u>0</u>
<b>Fund balance end of year</b>	<u><u>\$ 2,132</u></u>	<u><u>\$ 2,132</u></u>	<u><u>\$ 97,290</u></u>	<u><u>\$ 95,158</u></u>

See accompanying notes to the basic financial statements

**LIBERTY TOWNSHIP  
CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008

**NOTE 1 - REPORTING ENTITY:-**

Liberty Township, Crawford County, Ohio (the Township), is a body politic and corporate established in 1826 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 of Trustees. The Township also has an elected Fiscal Officer.

The reporting entity is comprised of the primary government.

**Primary Government** - The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, and fire protection. The Township has its own Volunteer Fire Department named, Liberty Township Volunteer Fire Department, for fire protection. Police protection is provided by Crawford County Sheriff's Department. The Township is also a member of the Central Joint Ambulance District, which provides ambulance services.

The Township participates in one public entity risk pool. Note 7 to the financial statements provides additional information for these entities. These organizations are:

Public Entity Risk Pool: The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available for Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductibles.

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:-**

These financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the *modified* cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989. Following are the more significant of the Township's accounting policies.

**Basis of Presentation** - The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements** - The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements reflect activities of the Township that are governmental. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transfers.

**LIBERTY TOWNSHIP  
CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-** (continued)

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a modified cash basis or draws from the Township's general receipts.

**Fund Financial Statements** - During the year, the Township segregates transfers related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**Fund Accounting** - The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The Township's funds are classified as governmental.

**Governmental Funds** - The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transfers as governmental funds. The Township's major governmental fund is the General Fund. Other major governmental funds are:

Gasoline Tax Fund – This fund receives gasoline tax money to construct, maintain and repair Township roads.

Special Fire Levy Fund – This fund receives tax levy money to build and maintain Township Fire Building Construction and providing funds for fire protection.

Fire Equipment Special Levy Fund – This newly passed levy is 1.20 mills and is to be used to purchase a new fire truck pumper in 2009. No money was received for this levy in 2008.

The General Fund is used to account for all financial resources, except those required to be accounted for 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.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

The other type of funds used by the Township are Special Revenue Funds, consist of:

Road and Bridge Fund – This fund receives property tax money to construct, maintain and repair Township roads and bridges.



**LIBERTY TOWNSHIP**  
**CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-** (continued)

Ambulance & EMS Levy – This fund receives property tax money to provide ambulance and emergency medical services.

Motor Vehicle License Tax Fund – This fund receives Motor Vehicle License tax money to construct, maintain and repair Township roads.

**Basis of Accounting** - The Township's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**Budgetary Process** - All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**Cash and Investments** - To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

**LIBERTY TOWNSHIP**  
**CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-** (continued)

During 2008, the Township invested in STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2008.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 was \$1,208, \$164 to the Gas Fund, and \$38 to the Motor Vehicle License Fund. Other interest credited to the General Fund was \$3,293 assigned from other Township funds from Star Ohio.

**Restricted Assets** - Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent *all other funds other than the General Fund, which includes: the Motor Vehicle License, Gasoline Tax, Road and Bridge, Fire Construction/Maintenance, Ambulance/EMS and Fire Equipment Funds.*

**Inventory and Prepaid Items** - The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**Capital Assets** - Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**Inter-fund Receivables and Payables** - The Township reports advances-in and advances-out for inter-fund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**Accumulated Leave** - In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's modified cash basis of accounting.

**Employer Contributions to Cost-Sharing Pension Plans** - The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Long Term Obligations** - The Township's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**Net Assets** - Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for Motor Vehicle License Tax, Gasoline Tax Fund, Road and Bridge Fund, Fire Levy Fund, Ambulance and EMS Levy Fund, and Fire Equipment Special Levy Fund.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**LIBERTY TOWNSHIP  
CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-** (continued)

**Fund Balance Reserves** - The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves are established for encumbrances when necessary.

**Inter-fund Transfers** - Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transfers between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE:-**

The Township reports no deficit fund balances.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING:-**

The budgetary basis as provided by law is based upon accounting for certain transfers on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, Special Fire Levy Fund, and the Fire Equipment Special Levy Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an inter-fund receivable or payable (modified cash basis)). The encumbrance at year end (budgetary basis) amounted to \$35 for the general fund. There were no outstanding advances at year end.

**LIBERTY TOWNSHIP  
CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008

**NOTE 5 - DEPOSITS AND INVESTMENTS:-**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

**LIBERTY TOWNSHIP  
CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008

**NOTE 5 - DEPOSITS AND INVESTMENTS:-** (continued.)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**Deposits:**

All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the public deposits it holds or as specific collateral held at the federal Reserve Bank in the name of the Township.

At year end, the carrying amount of the Township's deposits was \$382,545. Based on the criteria described in the GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of December 31, 2008, \$0 of the Township's bank balance of \$384,203 was exposed to custodial credit risk, as discussed above, while \$384,203 was covered by Federal Depository Insurance Corporation.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Investments:**

The Township maintains a cash and investment pool used by all funds. The Ohio Revised Codes prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows.

	2008
	<u>Carrying Value</u>
Deposits	\$ 228,625
STAR Ohio	153,920
Total Portfolio	<u>\$ 382,545</u>

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. STAR Ohio carries a rating of AAAm by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

**NOTE 6 - PROPERTY TAXES:-**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**LIBERTY TOWNSHIP  
CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008

**NOTE 6 - PROPERTY TAXES:-** (continued)

Public utility property tax receipts received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Tangible personal property tax is being phased out.

The full tax rate for all Township operations for the year ended December 31, 2008, was \$4.8 (mills) per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property:-	
Residential	\$ 15,365,621
Agriculture	7,413,020
Commercial/ Industrial/ Mineral	725,760
Public Utility Property:-	
Real	52,100
Personal	1,277,670
Tangible personal property	168,550
Total assessed value	\$ 25,002,721

**NOTE 7 - RISK MANAGEMENT:-**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty and Property Coverage**

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

**LIBERTY TOWNSHIP  
CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008

**NOTE 7 - RISK MANAGEMENT:-** (continued)

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**Financial Position**

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007

	<b>2008</b>	<b>2007</b>
Assets	\$ 40,737,740	\$ 43,210,703
Liabilities	( 12,981,818)	( 13,357,837)
Retained earnings	\$ 27,755,922	\$ 29,852,866

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$5,002.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

**Contributions to OTARMA**

2006	\$	7,080
2007	\$	5,816
2008	\$	5,616

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**NOTE 8 - DEFINED BENEFIT PENSION PLAN:-**

**Ohio Public Employees Retirement System** - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

**LIBERTY TOWNSHIP  
CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008

**NOTE 8 - DEFINED BENEFIT PENSION PLAN:-** (continued)

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2008, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2008 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions. Public safety rates were 9.0 percent employee and 16.7 percent employer contribution.

The Township's required contributions for pension obligations to the traditional plan for the years ended December 31, 2008, 2007, and 2006 were \$9,878, \$9,348, and \$8,294, respectively. The full amount has been contributed for 2008, 2007, and 2006.

**NOTE 9 - POST EMPLOYMENT BENEFITS:-**

**Ohio Public Employees Retirement System** - The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.0 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 374,979. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.



**LIBERTY TOWNSHIP  
CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008

**NOTE 9 - POST EMPLOYMENT BENEFITS:-** (continued)

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**NOTE 10 - SUBSEQUENT EVENTS:-**

The Township had a 1.20 mill Fire Equipment Levy which passed in the November 2008 election. The levy will begin collecting in January of 2009. This levy will bring in approximately \$28,481 for each year for five years.

A state bid purchase agreement was signed in December with the Pierce Manufacturing Company in order to purchase a fire truck pumper. Peck Shafer of Columbus was contracted to proceed with bond purchase for the payment of this fire truck pumper. A Resolution was signed on December 23, 2008 authorizing the bond purchase.



**Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by *Government Auditing Standards***

Board of Trustees  
Liberty Township  
Crawford County

We have audited the financial statements of Liberty Township, Crawford County, (the Township) as of and for the year ended December 31, 2008, and have issued our report thereon dated July 26, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Liberty Township's internal control over financial reporting as a basis for designing our auditing procedures for expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Liberty Township's internal control over financial reporting.

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 financial statement misstatement will not be prevented, or detected and timely corrected.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 26, 2010.

**Compliance and Other Matters**

As part of reasonably assuring whether Liberty Township'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 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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, Board of Trustees, and the Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

*Shuller & Master*

Certified Public Accountants

July 26, 2010

**LIBERTY TOWNSHIP  
CRAWFORD COUNTY**  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-001	Significant Deficiency - Internal Control and Review Procedures	No	Partially Corrected, repeated in management letter to strengthen the documentation of the controls.
2007-002	ORC, Section 5705.14, 5705.15, and 5705.16- Noncompliance Citation – Transfer of Funds Significant Deficiency - Material Weakness – Transfer of Funds.	Yes	Finding No Longer Valid.



**Mary Taylor, CPA**  
Auditor of State

**LIBERTY TOWNSHIP**

**CRAWFORD 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  
NOVEMBER 9, 2010**