

**Liberty Township  
Hardin County, OH  
Financial Statements  
December 31, 2009 and 2008**

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Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Liberty Township  
110 E. Buckeye Avenue  
P. O. Box 327  
Ada, Ohio 45810

We have reviewed the *Independent Auditors' Report* of Liberty Township, Hardin County, prepared by Taylor, Applegate, Hughes & Associates, Ltd., for the audit period January 1, 2008 through December 31, 2009. 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

September 13, 2010

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**Liberty Township  
Hardin County, Ohio  
Financial Statements  
December 31, 2009 and 2008**

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# TaylorApplegateHughes

AND ASSOCIATES, LTD

CERTIFIED PUBLIC  
ACCOUNTANTS +  
BUSINESS ADVISORS

## INDEPENDENT AUDITORS' REPORT

Liberty Township  
110 E. Buckeye Ave.  
P.O. Box 327  
Ada, OH 45810

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Liberty Township, Hardin County, Ohio, (the Township), as of and for the years ended December 31, 2009 and 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. 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 cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty Township, Hardin County, Ohio, as of December 31, 2009 and 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Cemetery, Fire, and Special Levy Fire Station and Truck funds thereof for the year December 31, 2009 and General, Gasoline Tax, Cemetery, Fire, and Special Levy Fire funds for the year December 31, 2008 in conformity with the basis of accounting Note 2 describes.

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Hardin County  
Independent Auditors' Report  
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In accordance with *Government Auditing Standards*, we have also issued a report dated June 23, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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.

*Taylor, Applegate, Hughes & Assoc., Ltd.*

Taylor, Applegate, Hughes and Associates, Ltd.  
June 23, 2010

Liberty Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

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This discussion and analysis of Liberty Township's financial performance provides an overall review of Liberty Township's financial activities for the year ended December 31, 2009, within the limitations of Liberty Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of Liberty Township's financial performance.

**Highlights**

Key highlights for 2009 are as follows:

Net assets of governmental activities decreased \$142,514, or 45 percent, a significant change from the prior year. The funds most affected by the decrease in cash and cash equivalents were the General Fund, Gasoline Tax Fund and the Cemetery Fund. The General Fund realized the greatest burden of increased costs and expenses in 2009; however, cost increases and expenses affected most funds.

Liberty Township's general receipts are primarily property taxes. These receipts represent respectively \$249,644 and 49 percent of the total cash received for governmental activities during the year. Property tax receipts for 2009 changed very little compared to 2008 as development within Liberty Township has stayed the same.

The Fire Department Fund received grants totaling \$31,073. There was an addition to the Fire Station in 2009 with payments totaling \$142,277. The Fire Department purchased a truck for \$23,078. This amount will be paid for out of an estate, but the money has not been received yet. A grant was received to pay for a generator at a cost of \$29,094.

Liberty Township purchased a new John Deere tractor for a total of \$38,681. This includes the cost of moving the mower from the old tractor to the new tractor. A new Chapel roof was put on at a cost of \$8,192. This was covered by insurance due to wind damage. We paid more than \$39,690 for road and ditch work in 2009.

The Fire Station had an addition built in 2009. The cost to date has been \$142,277.

**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 Liberty Township's cash basis of accounting.

**Report Components**

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

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of Liberty Township 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.

Liberty Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

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The notes to the financial statements are an integral part of Liberty Township-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. Liberty Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under Liberty Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the 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 cash basis of accounting.

### **Reporting Liberty Township as a Whole**

The statement of net assets and the statement of activities reflect how Liberty Township did financially during 2009, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of Liberty Township 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 activity draws from Liberty Township's general receipts.

These statements report Liberty Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure Liberty Township's financial health. Over time, increases or decreases in Liberty Township's cash position is one indicator of whether Liberty Township's financial health is improving or deteriorating. When evaluating Liberty Township's financial condition, you should also consider other nonfinancial factors as well such as Liberty Township's property tax base, the condition of Liberty Township's capital assets and infrastructure, the extent of Liberty Township'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 identify one type of activity:

**Governmental activities** - All of Liberty Township's basic services are reported here, including fire, streets and cemeteries. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Liberty Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

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**Reporting Liberty Township's Most Significant Funds**

Fund financial statements provide detailed information about Liberty Township's major funds – not Liberty Township as a whole. Liberty 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. The funds of Liberty Township are split into two categories: governmental and fiduciary.

Governmental Funds - Most of Liberty Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of Liberty 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 Liberty Township's programs. Liberty Township's major 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. Liberty Township's major governmental funds are the General Fund, Gasoline Tax Fund, Cemetery Fund, Special Fire Building and Truck, and the Fire District Fund. The programs reported in governmental funds are closely related to those reported in Liberty Township activities section of the entity-wide statements. We describe this relationship in reconciliations presented with Liberty Township fund financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside Liberty Township. Fiduciary funds are not reflected on Liberty Township-wide financial statements because the resources of these funds are not available to support Liberty Township's programs.

**Liberty Township as a Whole**

Table 1 provides a summary of Liberty Township's net assets for 2009 compared to 2008 on a cash basis:

(Table 1)

**Net Assets**

<b>Assets</b>	Governmental Activities	
	2009	2008
Cash and Cash Equivalents	\$ 173,192	\$ 315,706
Total Assets	\$ 173,192	\$ 315,706
<b>Net Assets</b>		
Restricted for:		
Other Purposes	\$ 71,921	\$ 139,150
Unrestricted	101,271	176,556
Total Net Assets	\$ 173,192	\$ 315,706

Liberty Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

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As mentioned previously, net assets of governmental activities decreased \$ 142,513 or 45 percent during 2009. The primary reasons contributing to the decreases in cash balances are as follows:

- Did not receive any large estate taxes
- Purchased tractor for township roads
- Workers Compensation payment increased 43% over 2008
- A truck was purchased for the Fire Department which will be paid from an estate when the funds are received
- A generator was purchased for the Fire Department
- Major road repair projects were undertaken in 2009
- An addition was added to the Fire Station

Table 2 reflects the changes in net assets on a cash basis in 2009 and 2008 for governmental activities and total primary government.

Liberty Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
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(Table 2)  
**Changes in Net Assets**

	Governmental Activities	
	2009	2008
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 68,471	\$ 68,893
Operating Grants and Contributions	126,991	100,853
<b>Total Program Receipts</b>	<b>195,462</b>	<b>169,746</b>
General Receipts:		
Property and Other Local Taxes	249,644	232,195
Other Taxes	27,762	26,523
Grants and Entitlements Not Restricted to Specific Programs	26,079	114,295
Interest	606	5,551
Miscellaneous	11,779	2,552
<b>Total General Receipts</b>	<b>315,870</b>	<b>381,116</b>
<b>Total Receipts</b>	<b>511,332</b>	<b>550,862</b>
Disbursements:		
General Government	88,646	82,883
Public Safety	113,842	70,717
Transportation	161,951	146,827
Cemetery	98,184	90,162
Capital Outlay	191,223	18,762
Debt Service		
Principal Retirement	-	111,932
Interest Charges	-	1,909
<b>Total Disbursements</b>	<b>653,846</b>	<b>523,192</b>
Excess (Deficiency) Before Transfers	(142,514)	27,670
Transfers	-	-
<b>Increase (Decrease) in Net Assets</b>	<b>(142,514)</b>	<b>27,670</b>
Other Financing Sources	-	-
Net Assets, January 1	315,706	288,036
<b>Net Assets, December 31</b>	<b>\$ 173,192</b>	<b>\$ 315,706</b>

Program receipts represent only 38 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and charges to nearby government for police services provided under contract.

General receipts represent 62 percent of Liberty Township's total receipts, and of this amount, over 27 percent are local taxes. State and federal grants and entitlements make up the balance of Liberty

Liberty Township  
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For the Year Ended December 31, 2009  
Unaudited

Township's general receipts (8 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running Liberty Township and the support services provided for the other Government activities. These include the costs of council, and 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.

Security of Persons and Property are the costs of police and fire protection; Public Health Services is the health department; Leisure Time Activities are the costs of maintaining the parks and playing fields; the economic development department promotes Liberty Township to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by Liberty Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for transportation and security of persons and property, which account for 25 and 17 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 14 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 Liberty Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "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 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
General Government	\$ 88,646	\$88,646	\$82,883	\$82,883
Security of Persons and Property	113,842	74,806	70,717	27,912
Transportation	161,951	66,033	146,827	54,074
Health	98,184	92,584	90,162	85,262
Capital Outlay	191,223	191,223	18,762	18,762
Principal Retirement	-	-	111,932	111,932
Interest Charges	-	-	1,909	1,909
<b>Total Expenses</b>	<b>\$ 653,846</b>	<b>\$ 513,292</b>	<b>\$ 523,192</b>	<b>\$ 382,734</b>

Liberty Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

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**Liberty Township's Funds**

Total governmental funds had receipts of \$510,672 and disbursements of \$653,846. The greatest change within governmental funds occurred within the Gasoline Tax Fund. The fund balance of the General Fund decreased \$75,285 as the result of increased costs for salaries and benefits and not achieving anticipated growth in income and property tax receipts.

General Fund receipts were less than disbursements and transfers out by \$75,285 indicating that the General Fund is in a deficit 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. Some of these reductions have already been implemented for 2009 including cuts in park repairs and maintenance and reductions in office personnel. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property and income taxes remains stagnant.

**General Fund Budgeting Highlights**

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

During 2009, Liberty Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$227,058 while actual disbursements were \$198,558. Although receipts failed to live up to expectations, appropriations were not reduced. Liberty Township kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the decrease in fund balance of \$75,285 for 2009.

**Capital Assets**

Liberty Township does not currently keep track of its capital assets and infrastructure. Liberty Township has acquired a software package to accomplish this task and is in the process of entering the necessary information. It is anticipated that this program will be fully functional for 2010 but reductions in staff may delay the implementation.

**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.

**Contacting Liberty Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of Liberty Township's finances and to reflect Liberty Township'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 Kathryn J Gulbis, Fiscal Officer, Liberty Township, PO Box 327, 110 E. Buckeye Ave, Ada, OH 45810.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Net Assets - Cash Basis**  
**December 31, 2009**

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 173,192
<b>Total Assets</b>	<b>\$ 173,192</b>
 <b>Net Assets</b>	
Restricted for:	
Other Purposes	\$ 71,922
Unrestricted	101,270
<b>Total Net Assets</b>	<b>\$ 173,192</b>

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Activities - Cash Basis**  
**For the Year Ended December 31, 2009**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Total
<b>Governmental Activities</b>					
General Government	\$ 88,646	\$ -	\$ -	\$ (88,646)	\$ (88,646)
Public Safety	113,842	39,036	-	(74,806)	(74,806)
Public Works	161,951	-	95,918	(66,033)	(66,033)
Health	98,184	5,600	-	(92,584)	(92,584)
Other	-	23,835	31,073	54,908	54,908
Capital Outlay	191,223	-	-	(191,223)	(191,223)
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Governmental Activities	653,846	68,471	126,991	(458,384)	(458,384)
Total Primary Government	\$ 653,846	\$ 68,471	\$ 126,991	\$ (458,384)	\$ (458,384)
<b>General Receipts</b>					
Property Taxes				\$ 249,645	\$ 249,645
Other Taxes				27,762	27,762
Grants and Entitlements not Restricted to Specific Programs				26,079	26,079
Earnings on Investments				606	606
Miscellaneous				11,778	11,778
<i>Total General Receipts</i>				315,870	315,870
Transfers				-	-
Advances				-	-
Total General Receipts, Transfers and Advances				315,870	315,870
Change in Net Assets				(142,514)	(142,514)
<i>Net Assets Beginning of Year</i>				315,706	315,706
<i>Net Assets End of Year</i>				\$ 173,192	\$ 173,192

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Cash Basis Assets and Fund Balances**  
**Governmental Funds**  
**December 31, 2009**

	GENERAL	GASOLINE TAX	CEMETERY	SPECIAL LEVY	FIRE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 7,563	\$ 3,529	\$ 3,363	\$ 3,270	\$ 9,058	\$ -	\$ 26,783
Investments	<u>93,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>12,701</u>	<u>146,409</u>
<b>Total Assets</b>	<u>101,271</u>	<u>3,529</u>	<u>3,363</u>	<u>3,270</u>	<u>49,058</u>	<u>12,701</u>	<u>173,192</u>
<b>Fund Balances</b>							
Reserved:							
Reserved for Encumbrances	-	-	-	-	-	-	-
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	101,271	-	-	-	-	-	101,271
Special Revenue Funds	<u>-</u>	<u>3,529</u>	<u>3,363</u>	<u>3,270</u>	<u>49,058</u>	<u>12,701</u>	<u>71,921</u>
<b>Total Fund Balances</b>	<u>\$ 101,271</u>	<u>\$ 3,529</u>	<u>\$ 3,363</u>	<u>\$ 3,270</u>	<u>\$ 49,058</u>	<u>\$ 12,701</u>	<u>\$ 173,192</u>

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2009**

	GENERAL	GASOLINE TAX	CEMETERY	SPECIAL LEVY	FIRE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>							
Property and Other Local Taxes	\$ 85,865	\$ -	\$ -	\$ 109,983	\$ 53,797	\$ -	\$ 249,645
Charges for Services	-	-	-	20,735	18,301	-	39,036
Licenses, Permits and Fees	-	-	23,835	-	-	-	23,835
Intergovernmental	36,178	86,830	-	11,603	37,133	9,088	180,832
Earnings on Investments	569	25	-	-	-	12	606
Miscellaneous	-	502	15,194	-	777	244	16,717
<b>Total Receipts</b>	<u>122,612</u>	<u>87,357</u>	<u>39,029</u>	<u>142,321</u>	<u>110,008</u>	<u>9,344</u>	<u>510,671</u>
<b>Disbursements</b>							
Current:							
General Government	88,558	-	-	-	88	-	88,646
Public Safety	-	-	-	-	86,183	27,659	113,842
Public Works	-	149,423	-	-	-	12,528	161,951
Health	-	-	98,184	-	-	-	98,184
Capital Outlay	-	-	-	139,051	52,172	-	191,223
Debt Service:							
Principal Retirement	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-
<b>Total Disbursements</b>	<u>88,558</u>	<u>149,423</u>	<u>98,184</u>	<u>139,051</u>	<u>138,443</u>	<u>40,187</u>	<u>653,846</u>
Excess of Receipts Over (Under) Disbursements	<u>34,054</u>	<u>(62,066)</u>	<u>(59,155)</u>	<u>3,270</u>	<u>(28,435)</u>	<u>(30,843)</u>	<u>(143,175)</u>
Other Financing Sources (Uses)							
Transfers In	-	60,000	50,000	-	-	-	110,000
Transfers Out	(110,000)	-	-	-	-	-	(110,000)
Advances In	-	-	-	-	-	-	-
Advances Out	-	-	-	-	-	-	-
Other Financing Sources	<u>661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>661</u>
Total Other Financing Sources (Uses)	<u>(109,339)</u>	<u>60,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>661</u>
Net Change in Fund Balances	(75,285)	(2,066)	(9,155)	3,270	(28,435)	(30,843)	(142,514)
Fund Balances Beginning of Year	<u>176,555</u>	<u>5,595</u>	<u>12,518</u>	<u>-</u>	<u>77,493</u>	<u>43,545</u>	<u>315,706</u>
Fund Balances End of Year	<u>\$ 101,270</u>	<u>\$ 3,529</u>	<u>\$ 3,363</u>	<u>\$ 3,270</u>	<u>\$ 49,058</u>	<u>\$ 12,702</u>	<u>\$ 173,192</u>

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Fiduciary Net Assets - Cash Basis**  
**Fiduciary Funds**  
**December 31, 2009**

	Private Purpose Trust
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 12,885
<b>Total Assets</b>	12,885
 <b>Net Assets</b>	
Restricted for:	
Other Purposes	12,885
Unrestricted	-
<b>Total Net Assets</b>	\$ 12,885

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Changes in Fiduciary Net Assets - Cash Basis**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2009**

	Private Purpose Trust
<b>Additions</b>	
Contributions	\$ -
Interest	34
<b>Total Additions</b>	<b>34</b>
 <b>Deductions</b>	
Payments in Accordance with Trust Agreements	18
<b>Total Deductions</b>	<b>18</b>
 Change in Net Assets	 16
Net Assets - Beginning of Year	12,869
Net Assets - End of Year	\$ 12,885

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Receipts, Disbursements and Changes**  
**In Fund Balance - Budget and Actual -Budget Basis**  
**General Fund**  
**For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 80,000	\$ 80,000	\$ 85,865	\$ 5,865
Intergovernmental	34,900	34,900	36,178	1,278
Earnings on Investments	4,500	4,500	569	(3,931)
<b>Total Receipts</b>	<u>119,400</u>	<u>119,400</u>	<u>122,612</u>	<u>3,212</u>
<b>Disbursements</b>				
Current:				
General Government	110,850	117,058	88,558	28,500
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Disbursements</b>	<u>110,850</u>	<u>117,058</u>	<u>88,558</u>	<u>28,500</u>
Excess of Receipts Over (Under) Disbursements	<u>8,550</u>	<u>2,342</u>	<u>34,054</u>	<u>31,712</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(110,000)	(110,000)	(110,000)	-
Other Financing Sources	500	500	661	161
Total Other Financing Sources (Uses)	<u>(109,500)</u>	<u>(109,500)</u>	<u>(109,339)</u>	<u>161</u>
Net Change in Fund Balance	(100,950)	(107,158)	(75,285)	31,873
Unencumbered Cash Balance Beginning of Year	176,555	176,555	176,555	-
Prior Year Encumbrances Appropriated	-	-	-	-
Unencumbered Cash Balance End of Year	<u>\$ 75,605</u>	<u>\$ 69,398</u>	<u>\$ 101,271</u>	<u>\$ 31,873</u>

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Receipts, Disbursements and Changes**  
**In Fund Balance - Budget and Actual -Budget Basis**  
**Gasoline Tax Fund**  
**For the Year Ended December 31, 2009**

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Licenses, Permits and Fees	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Intergovernmental	84,000	84,000	86,830	2,830
Earnings on Investments	170	170	25	(145)
Miscellaneous	<u>2,000</u>	<u>2,000</u>	<u>502</u>	<u>(1,498)</u>
<b>Total Receipts</b>	<u>87,170</u>	<u>87,170</u>	<u>87,357</u>	<u>187</u>
<b>Disbursements</b>				
Current:				
Public Works	131,448	163,198	149,423	13,775
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Disbursements</b>	<u>131,448</u>	<u>163,198</u>	<u>149,423</u>	<u>13,775</u>
Excess of Receipts Over (Under) Disbursements	<u>(44,278)</u>	<u>(76,028)</u>	<u>(62,066)</u>	<u>13,962</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>55,000</u>	<u>80,000</u>	<u>60,000</u>	<u>5,000</u>
Total Other Financing Sources (Uses)	<u>55,000</u>	<u>55,000</u>	<u>60,000</u>	<u>5,000</u>
Net Change in Fund Balance	10,722	(21,028)	(2,066)	18,962
Unencumbered Cash Balance Beginning of Year	5,595	5,595	5,595	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash Balance End of Year	<u>\$ 16,317</u>	<u>\$ (15,433)</u>	<u>\$ 3,529</u>	<u>\$ 18,962</u>

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Receipts, Disbursements and Changes**  
**In Fund Balance - Budget and Actual -Budget Basis**  
**Cemetery Fund**  
**For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Licenses, Permits and Fees	\$ 22,000	\$ 22,000	\$ 23,835	\$ 1,835
Miscellaneous	<u>7,000</u>	<u>20,192</u>	<u>15,194</u>	<u>8,194</u>
<b>Total Receipts</b>	<u>29,000</u>	<u>42,192</u>	<u>39,029</u>	<u>10,029</u>
<b>Disbursements</b>				
Current:				
Health	94,480	110,364	98,184	12,180
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Disbursements</b>	<u>94,480</u>	<u>110,364</u>	<u>98,184</u>	<u>12,180</u>
Excess of Receipts Over (Under) Disbursements	<u>(65,480)</u>	<u>(81,364)</u>	<u>(59,155)</u>	<u>22,209</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>56,000</u>	<u>56,000</u>	<u>50,000</u>	<u>(6,000)</u>
Total Other Financing Sources (Uses)	<u>56,000</u>	<u>56,000</u>	<u>50,000</u>	<u>(6,000)</u>
Net Change in Fund Balance	(9,480)	(25,364)	(9,155)	16,209
Unencumbered Cash Balance Beginning of Year	12,518	12,518	12,518	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash Balance End of Year	<u>\$ 3,038</u>	<u>\$ (12,846)</u>	<u>\$ 3,363</u>	<u>\$ 16,209</u>

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Receipts, Disbursements and Changes**  
**In Fund Balance - Budget and Actual -Budget Basis**  
**Special Levy - Fire Station**  
**For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 100,000	\$ 200,000	\$ 109,983	\$ (90,017)
Charges for Services	21,700	21,700	20,735	(965)
Intergovernmental	11,370	11,370	11,603	233
<b>Total Receipts</b>	<u>133,070</u>	<u>233,070</u>	<u>142,321</u>	<u>(90,749)</u>
<b>Disbursements</b>				
Capital Outlay	133,000	233,000	139,051	93,949
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Disbursements</b>	<u>133,000</u>	<u>233,000</u>	<u>139,051</u>	<u>93,949</u>
Excess of Receipts Over (Under) Disbursements	<u>70</u>	<u>(99,930)</u>	<u>3,270</u>	<u>103,200</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	70	(99,930)	3,270	103,200
Unencumbered Cash Balance Beginning of Year	-	-	-	-
Prior Year Encumbrances Appropriated	-	-	-	-
Unencumbered Cash Balance End of Year	<u>\$ 70</u>	<u>\$ (99,930)</u>	<u>\$ 3,270</u>	<u>\$ 103,200</u>

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Receipts, Disbursements and Changes**  
**In Fund Balance - Budget and Actual -Budget Basis**  
**Fire District Fund**  
**For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 54,700	\$ 53,575	\$ 53,797	\$ 222
Charges for Services	22,000	22,000	18,301	(3,699)
Intergovernmental	5,400	33,265	37,133	3,868
Miscellaneous	-	-	778	778
<b>Total Receipts</b>	<u>82,100</u>	<u>108,840</u>	<u>110,009</u>	<u>1,169</u>
<b>Disbursements</b>				
Current:				
General Government	100	100	88	12
Public Safety	94,200	94,200	86,183	8,017
Capital Outlay	-	52,322	52,172	150
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Disbursements</b>	<u>94,300</u>	<u>146,622</u>	<u>138,442</u>	<u>8,180</u>
Excess of Receipts Over (Under) Disbursements	<u>(12,200)</u>	<u>(64,522)</u>	<u>(28,434)</u>	<u>36,088</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(12,200)	(64,522)	(28,434)	36,088
Unencumbered Cash Balance Beginning of Year	77,493	77,493	77,493	-
Prior Year Encumbrances Appropriated	-	-	-	-
Unencumbered Cash Balance End of Year	<u>\$ 65,293</u>	<u>\$ 12,971</u>	<u>\$ 49,059</u>	<u>\$ 36,088</u>

See accompanying notes to the financial statements.

Liberty Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

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

### **Highlights**

Key highlights for 2008 are as follows:

Net assets of governmental activities increased \$27,670, or 9 percent. The funds most affected by a decrease in cash and cash equivalents were the General Fund, Gasoline Tax Fund and the Motor Vehicle Fund, which had the greatest burden of increased costs in 2008; however, cost increases affected most funds.

Liberty Township's general receipts are primarily property taxes. These receipts represent 43 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 Liberty Township has stayed the same. The Township benefited greatly from estate taxes of \$87,071.

The Fire Department received a grant of \$8,100 used for equipment.

### **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 Liberty Township's cash basis of accounting.

### **Report Components**

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

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of Liberty Township 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 Liberty Township-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. Liberty Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under Liberty Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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As a result of using the 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 cash basis of accounting.

**Reporting Liberty Township as a Whole**

The statement of net assets and the statement of activities reflect how Liberty Township did financially during 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of Liberty Township 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 Liberty Township's general receipts.

These statements report Liberty Township's cash position and the changes in cash position. Keeping in mind the limitations of the basis of accounting, you can think of these changes as one way to measure Liberty Township's financial health. Over time, increases or decreases in Liberty Township's cash position is one indicator of whether Liberty Township's financial health is improving or deteriorating. When evaluating Liberty Township's financial condition, you should also consider other nonfinancial factors as well such as Liberty Township's property tax base, the condition of Liberty Township's capital assets and infrastructure, the extent of Liberty Township'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 taxes.

In the statement of net assets and the statement of activities, we identify one type of activity:

**Governmental activities** - All of Liberty Township's basic services are reported here, including fire, streets and cemeteries. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting Liberty Township's Most Significant Funds**

Fund financial statements provide detailed information about Liberty Township's major funds – not Liberty Township as a whole. Liberty 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. The funds of Liberty Township are split into two categories: governmental and fiduciary.

**Governmental Funds** - Most of Liberty Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of Liberty 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 Liberty Township's programs. Liberty 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

Liberty Township  
Management's Discussion and Analysis  
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single column. Liberty Township's major governmental funds are the General Fund, Gasoline Tax Fund, Cemetery Fund, Special Fire Truck Fund, and the Fire District 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.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside Liberty Township. Fiduciary funds are not reflected on Liberty Township-wide financial statements because the resources of these funds are not available to support Liberty Township's programs.

**Liberty Township as a Whole**

Table 1 provides a summary of Liberty Township's net assets for 2008 compared to 2007 on a cash basis:

(Table 1)

**Net Assets**

	Governmental Activities	
	2008	2007
<b>Assets</b>		
Cash and Cash Equivalents	\$ 315,706	\$ 288,036
Total Assets	\$ 315,706	\$ 288,036
<b>Net Assets</b>		
Restricted for:		
Debt Service	\$ -	\$ -
Capital Outlay	0	0
Other Purposes	139,150	110,110
Unrestricted	176,556	177,926
Total Net Assets	\$ 315,706	\$ 288,036

As mentioned previously, net assets of governmental activities increased \$ 27,670 or 9 percent during 2008. The primary reasons contributing to the increases in cash balances are as follows:

- Estate taxes received
- In 2008, Fire Department received an \$8,100 grant for equipment.

Table 2 reflects the changes in net assets on a cash basis in 2008 and 2007 for governmental activities and total primary government.

Liberty Township  
Management's Discussion and Analysis  
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(Table 2)  
**Changes in Net Assets**

	Governmental Activities	
	2008	2007
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 68,893	\$ 38,233
Operating Grants and Contributions	100,853	159,591
Total Program Receipts	<u>169,746</u>	<u>197,824</u>
General Receipts:		
Property and Other Local Taxes	232,195	244,948
Other Taxes	26,523	-
Grants and Entitlements Not Restricted to Specific Programs	114,295	21,765
Interest	5,551	13,021
Miscellaneous	2,552	11,988
Total General Receipts	<u>381,116</u>	<u>291,722</u>
Total Receipts	<u>550,862</u>	<u>489,546</u>
Disbursements:		
General Government	82,883	80,086
Public Safety	70,717	77,934
Transportation	146,827	113,539
Cemetery	90,162	84,458
Capital Outlay	18,762	2,564
Debt Service		
Principal Retirement	111,932	108,059
Interest Charges	1,909	12,942
Total Disbursements	<u>523,192</u>	<u>479,582</u>
Excess (Deficiency) Before Transfers	27,670	9,964
Transfers	-	-
Increase (Decrease) in Net Assets	<u>27,670</u>	<u>9,964</u>
Other Financing Sources	-	320
Net Assets, January 1	<u>288,036</u>	<u>277,752</u>
Net Assets, December 31	<u>\$ 315,706</u>	<u>\$ 288,036</u>

Program receipts represent only 31 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 38 percent of Liberty Township's total receipts, and of this amount, over 68 percent are local taxes. State and federal grants and entitlements make up the balance of Liberty Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running Liberty Township and the support services provided for the other Government activities. These include the costs of trustees and the fiscal officer, as well as internal services such as payroll and purchasing.

Security of Persons and Property are the costs of fire protection; Cemetery is the cost of maintaining the cemeteries; and Transportation is the cost of maintaining the roads.

Liberty Township  
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**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by Liberty Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for transportation and security of persons and property, which account for 28 and 14 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 16 percent. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by Liberty Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "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)

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2008	2008	2007	2007
General Government	\$ 82,883	\$ 82,883	\$ 80,086	\$ 80,086
Security of Persons and Property	\$70,717	\$27,912	\$77,934	\$39,701
Transportation	146,827	54,074	113,540	10,925
Cemetery	90,162	85,262	84,458	81,158
Other	-	(29,288)	0	(30,015)
Capital Outlay	18,762	18,762	2,564	2,564
Principal Retirement	111,932	111,932	108,059	108,059
Interest and Fiscal Charges	1,909	1,909	12,941	12,941
Total Expenses	<u>\$ 523,192</u>	<u>\$ 353,446</u>	<u>\$ 479,582</u>	<u>\$ 305,419</u>

**Liberty Township's Funds**

Total governmental funds had receipts of \$550,862 and disbursements of \$523,192. There were no great changes within governmental funds. The fund balance of the Gasoline Tax Fund decreased \$5,339 as the result of increased costs for gasoline and road repairs.

**General Fund Budgeting Highlights**

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

Liberty Township  
Management's Discussion and Analysis  
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During 2008, Liberty Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$216,000 while actual disbursements were \$213,492. Liberty Township transferred funds to other funds to cover expenses in the Gasoline Fund and the Cemetery Fund. This was budgeted at \$115,000 while actual transfers were \$115,000.

**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.

**Contacting Liberty Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of Liberty Township's finances and to reflect Liberty Township'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 Kathryn J Gulbis, Fiscal Officer, Liberty Township, PO Box 327, 110 E. Buckeye Ave, Ada, OH 45810.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Net Assets - Cash Basis**  
**December 31, 2008**

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 315,706
<b>Total Assets</b>	<u>\$ 315,706</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	\$ 139,150
Unrestricted	<u>176,556</u>
<b>Total Net Assets</b>	<u>\$ 315,706</u>

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Activities - 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	Governmental Activities	Total
<b>Governmental Activities</b>					
General Government	\$ 82,883	\$ -	\$ -	\$ (82,883)	\$ (82,883)
Public Safety	70,717	42,805	-	(27,912)	(27,912)
Public Works	146,827	-	92,753	(54,074)	(54,074)
Health	90,162	4,900	-	(85,262)	(85,262)
Other	-	21,188	8,100	29,288	29,288
Capital Outlay	18,762	-	-	(18,762)	(18,762)
Debt Service:					
Principal	111,932	-	-	(111,932)	(111,932)
Interest	1,909	-	-	(1,909)	(1,909)
Total Governmental Activities					
Total Primary Government	<u>\$ 523,192</u>	<u>\$ 68,893</u>	<u>\$ 100,853</u>	<u>\$ (353,446)</u>	<u>\$ (353,446)</u>
<b>General Receipts</b>					
Property Taxes				\$ 232,195	\$ 232,195
Other Taxes				26,523	26,523
Grants and Entitlements not Restricted to Specific Programs				114,295	114,295
Earnings on Investments				5,551	5,551
Miscellaneous				2,552	2,552
<i>Total General Receipts</i>				381,116	381,116
Transfers				-	-
Advances				-	-
Total General Receipts, Transfers and Advances				381,116	381,116
Change in Net Assets				27,670	27,670
<i>Net Assets Beginning of Year</i>				288,036	288,036
<i>Net Assets End of Year</i>				<u>\$ 315,706</u>	<u>\$ 315,706</u>

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Cash Basis Assets and Fund Balances**  
**Governmental Funds**  
**December 31, 2008**

	<u>GENERAL</u>	<u>GASOLINE TAX</u>	<u>CEMETERY</u>	<u>SPECIAL LEVY</u>	<u>FIRE FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 176,555	\$ 5,595	\$ 12,518	\$ 34,487	\$ 77,493	\$ 9,058	\$ 315,706
Investments	-	-	-	-	-	-	-
<b>Total Assets</b>	<u>176,555</u>	<u>5,595</u>	<u>12,518</u>	<u>34,487</u>	<u>77,493</u>	<u>9,058</u>	<u>315,706</u>
<b>Fund Balances</b>							
Reserved:							
Reserved for Encumbrances	\$ -	\$ -	\$ -	\$ -	-	-	-
Reserved for Unclaimed Monies	-	-	-	-	-	-	-
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	176,555	-	-	-	-	-	176,555
Special Revenue Funds	-	5,595	12,518	34,487	77,493	9,058	139,151
<b>Total Fund Balances</b>	<u>\$ 176,555</u>	<u>\$ 5,595</u>	<u>\$ 12,518</u>	<u>\$ 34,487</u>	<u>\$ 77,493</u>	<u>\$ 9,058</u>	<u>\$ 315,706</u>

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2008**

	GENERAL	GASOLINE TAX	CEMETERY	SPECIAL LEVY	FIRE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>							
Property and Other Local Taxes	\$ 81,597	\$ -	\$ -	\$ 97,063	\$ 53,535	\$ -	\$ 232,195
Charges for Services	-	-	-	21,700	21,105	-	42,805
Licenses, Permits and Fees	-	-	21,188	-	-	-	21,188
Intergovernmental	124,015	84,613	-	11,510	13,393	8,140	241,671
Earnings on Investments	5,270	187	-	-	-	94	5,551
Miscellaneous	-	1,003	4,900	-	-	310	6,213
<b>Total Receipts</b>	<u>210,882</u>	<u>85,803</u>	<u>26,088</u>	<u>130,273</u>	<u>88,033</u>	<u>8,544</u>	<u>549,623</u>
<b>Disbursements</b>							
Current:							
General Government	82,825	-	-	-	58	-	82,883
Public Safety	-	-	-	-	70,717	-	70,717
Public Works	-	136,142	-	-	-	10,685	146,827
Health	-	-	90,162	-	-	-	90,162
Capital Outlay	15,667	-	-	3,095	-	-	18,762
Debt Service:							
Principal Retirement	-	-	-	111,932	-	-	111,932
Interest and Fiscal Charges	-	-	-	1,909	-	-	1,909
<b>Total Disbursements</b>	<u>98,492</u>	<u>136,142</u>	<u>90,162</u>	<u>116,936</u>	<u>70,775</u>	<u>10,685</u>	<u>523,192</u>
Excess of Receipts Over (Under) Disbursements	<u>112,390</u>	<u>(50,339)</u>	<u>(64,074)</u>	<u>13,337</u>	<u>17,258</u>	<u>(2,141)</u>	<u>26,431</u>
Other Financing Sources (Uses)							
Transfers In	-	45,000	70,000	-	-	-	115,000
Transfers Out	(115,000)	-	-	-	-	-	(115,000)
Advances In	21,716	-	-	21,716	-	-	43,432
Advances Out	(21,716)	-	-	(21,716)	-	-	(43,432)
Other Financing Sources	<u>1,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,239</u>
Total Other Financing Sources (Uses)	<u>(113,761)</u>	<u>45,000</u>	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,239</u>
Net Change in Fund Balances	(1,371)	(5,339)	5,926	13,337	17,258	(2,141)	27,670
Fund Balances Beginning of Year	<u>177,925</u>	<u>10,934</u>	<u>6,592</u>	<u>21,150</u>	<u>60,235</u>	<u>11,200</u>	<u>288,036</u>
Fund Balances End of Year	<u>\$ 176,554</u>	<u>\$ 5,595</u>	<u>\$ 12,518</u>	<u>\$ 34,487</u>	<u>\$ 77,493</u>	<u>\$ 9,059</u>	<u>\$ 315,706</u>

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Fiduciary Net Assets - Cash Basis**  
**Fiduciary Funds**  
**December 31, 2008**

	Private Purpose Trust
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 12,869
<b>Total Assets</b>	12,869
 <b>Net Assets</b>	
Restricted for:	
Capital Projects	-
Debt Service	-
Other Purposes	12,869
Unrestricted	-
<b>Total Net Assets</b>	\$ 12,869

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Changes in Fiduciary Net Assets - Cash Basis**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2008**

	Private Purpose Trust
<b>Additions</b>	
Contributions	\$ -
Interest	293
<b>Total Additions</b>	293
 <b>Deductions</b>	
Payments in Accordance with Trust Agreements	20
<b>Total Deductions</b>	20
 Change in Net Assets	273
 Net Assets - Beginning of Year	12,596
 Net Assets - End of Year	12,869

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Receipts, Disbursements and Changes**  
**In Fund Balance - Budget and Actual -Budget Basis**  
**General Fund**  
**For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 83,000	\$ 83,000	\$ 81,598	\$ (1,402)
Intergovernmental	35,000	35,000	124,015	89,015
Earnings on Investments	9,000	9,000	5,270	(3,730)
<b>Total Receipts</b>	<u>127,000</u>	<u>127,000</u>	<u>210,883</u>	<u>83,883</u>
<b>Disbursements</b>				
Current:				
General Government	84,680	84,680	82,825	1,855
Capital Outlay	500	16,500	15,667	833
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Disbursements</b>	<u>85,180</u>	<u>101,180</u>	<u>98,492</u>	<u>2,688</u>
Excess of Receipts Over (Under) Disbursements	<u>41,820</u>	<u>25,820</u>	<u>112,391</u>	<u>86,571</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(105,000)	(115,000)	(115,000)	-
Advances In	-	-	21,716	21,716
Advances Out	-	-	(21,716)	(21,716)
Other Financing Sources	-	-	1,239	1,239
<b>Total Other Financing Sources (Uses)</b>	<u>(105,000)</u>	<u>(115,000)</u>	<u>(113,761)</u>	<u>1,239</u>
Net Change in Fund Balance	(63,180)	(89,180)	(1,370)	87,810
Unencumbered Cash Balance Beginning of Year	177,745	177,745	177,745	
Prior Year Encumbrances Appropriated	180	180	180	-
Unencumbered Cash Balance End of Year	<u>\$ 114,745</u>	<u>\$ 88,745</u>	<u>\$ 176,555</u>	<u>\$ 87,810</u>

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP, HARDIN 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**

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Licenses, Permits and Fees	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Fines and Forfeitures	-	-	-	-
Intergovernmental	80,000	80,000	84,613	4,613
Special Assessments	-	-	-	-
Earnings on Investments	550	550	187	(363)
Miscellaneous	1,000	1,000	1,003	3
<b>Total Receipts</b>	<u>82,550</u>	<u>82,550</u>	<u>85,803</u>	<u>3,253</u>
<b>Disbursements</b>				
Current:				
Public Works	121,698	146,698	136,142	10,556
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Disbursements</b>	<u>121,698</u>	<u>146,698</u>	<u>136,142</u>	<u>10,556</u>
Excess of Receipts Over (Under) Disbursements	<u>(39,148)</u>	<u>(64,148)</u>	<u>(50,339)</u>	<u>13,809</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>40,000</u>	<u>65,000</u>	<u>45,000</u>	<u>5,000</u>
Total Other Financing Sources (Uses)	<u>40,000</u>	<u>40,000</u>	<u>45,000</u>	<u>5,000</u>
Net Change in Fund Balance	852	(24,148)	(5,339)	18,809
Unencumbered Cash Balance Beginning of Year	10,619	10,619	10,619	
Prior Year Encumbrances Appropriated	<u>314</u>	<u>314</u>	<u>314</u>	<u>-</u>
Unencumbered Cash Balance End of Year	<u>\$ 11,785</u>	<u>\$ (13,215)</u>	<u>\$ 5,594</u>	<u>\$ 18,809</u>

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Receipts, Disbursements and Changes**  
**In Fund Balance - Budget and Actual -Budget Basis**  
**Cemetery Fund**  
**For the Year Ended December 31, 2008**

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Licenses, Permits and Fees	\$ 22,006	\$ 22,006	\$ 21,188	\$ (818)
Miscellaneous	<u>7,000</u>	<u>7,000</u>	<u>4,900</u>	<u>(2,100)</u>
<b>Total Receipts</b>	<u>29,006</u>	<u>29,006</u>	<u>26,088</u>	<u>(2,918)</u>
<b>Disbursements</b>				
Current:				
Health	86,418	91,418	90,162	1,256
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Disbursements</b>	<u>86,418</u>	<u>91,418</u>	<u>90,162</u>	<u>1,256</u>
Excess of Receipts Over (Under) Disbursements	<u>(57,412)</u>	<u>(62,412)</u>	<u>(64,074)</u>	<u>(1,662)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>65,000</u>	<u>65,000</u>	<u>70,000</u>	<u>5,000</u>
Total Other Financing Sources (Uses)	<u>65,000</u>	<u>65,000</u>	<u>70,000</u>	<u>5,000</u>
Net Change in Fund Balance	7,588	2,588	5,926	3,338
Unencumbered Cash Balance Beginning of Year	6,364	6,364	6,364	-
Prior Year Encumbrances Appropriated	<u>228</u>	<u>228</u>	<u>228</u>	<u>-</u>
Unencumbered Cash Balance End of Year	<u>\$ 14,180</u>	<u>\$ 9,180</u>	<u>\$ 12,518</u>	<u>\$ 3,338</u>

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Receipts, Disbursements and Changes**  
**In Fund Balance - Budget and Actual -Budget Basis**  
**Special Levy - Fire Fund**  
**For the Year Ended December 31, 2008**

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 91,000	\$ 91,000	\$ 97,062	\$ 6,062
Charges for Services	17,000	17,000	21,700	4,700
Intergovernmental	7,500	7,500	11,510	4,010
<b>Total Receipts</b>	<u>115,500</u>	<u>115,500</u>	<u>130,272</u>	<u>14,772</u>
<b>Disbursements</b>				
Current:				
Public Safety	2,500	-	-	-
Capital Outlay	120,000	122,500	3,095	119,405
Debt Service:				
Principal Retirement	-	-	111,932	(111,932)
Interest and Fiscal Charges	-	-	1,909	(1,909)
<b>Total Disbursements</b>	<u>122,500</u>	<u>122,500</u>	<u>116,936</u>	<u>5,564</u>
Excess of Receipts Over (Under) Disbursements	<u>(7,000)</u>	<u>(7,000)</u>	<u>13,336</u>	<u>20,336</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	-	-	21,716	21,716
Advances Out	-	-	(21,716)	(21,716)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(7,000)	(7,000)	13,336	20,336
Unencumbered Cash Balance Beginning of Year	21,150	21,150	21,150	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash Balance End of Year	<u>\$ 14,150</u>	<u>\$ 14,150</u>	<u>\$ 34,486</u>	<u>\$ 20,336</u>

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP, HARDIN COUNTY**  
**Statement of Receipts, Disbursements and Changes**  
**In Fund Balance - Budget and Actual -Budget Basis**  
**Fire District Fund**  
**For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 55,000	\$ 55,000	\$ 53,535	\$ (1,465)
Charges for Services	17,000	17,000	21,105	4,105
Intergovernmental	4,000	4,000	13,393	9,393
Miscellaneous	500	500	-	(500)
<b>Total Receipts</b>	<u>76,500</u>	<u>76,500</u>	<u>88,033</u>	<u>11,533</u>
<b>Disbursements</b>				
Current:				
General Government	103	103	58	45
Public Safety	88,500	88,500	70,717	17,783
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Disbursements</b>	<u>88,603</u>	<u>88,603</u>	<u>70,775</u>	<u>17,828</u>
Excess of Receipts Over (Under) Disbursements	<u>(12,103)</u>	<u>(12,103)</u>	<u>17,258</u>	<u>29,361</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(12,103)	(12,103)	17,258	29,361
Unencumbered Cash Balance Beginning of Year	60,235	60,235	60,235	-
Prior Year Encumbrances Appropriated	-	-	-	-
Unencumbered Cash Balance End of Year	<u>\$ 48,132</u>	<u>\$ 48,132</u>	<u>\$ 77,493</u>	<u>\$ 29,361</u>

See accompanying notes to the financial statements.

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2009 and 2008**

**Note 1 – Reporting Entity**

Liberty Township (the Township), is a body politic and corporate established in 1837 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 Township Fiscal Officer.

The reporting entity is comprised of the primary government.

**A. 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, cemetery maintenance, and a fire department. Police protection is provided by the Hardin County Sheriff.

**B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

The Township did not have any component units in 2008 and 2009.

**C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools**

The Township participates in two jointly governed organizations and the Ohio Township Association Risk Management Association (OTARMA) public entity risk pool.

Jointly Governed Organizations:

Ada-Liberty Joint Ambulance District Board – provides ambulance services within the District.

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2009 and 2008**

**Note 1 – Reporting Entity (continued)**

**C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools  
(continued)**

Hardin County Regional Planning Commission – makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions and services of the County

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**

As discussed further in Note 2.C, these financial statements are presented on the cash basis of accounting. This 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 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 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, to its business-type activities and to its enterprise funds. Following are the more significant of the Township’s accounting policies.

**A. 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, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2009 and 2008**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**Government-Wide Financial Statements (continued)**

The statement of net assets presents the cash and investment balances 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 cash basis or draws from the Township's general receipts.

**Fund Financial Statements**

During the year, the Township segregates transactions 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 and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

**B. 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 funds of the Township are divided into two categories, governmental and fiduciary.

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2009 and 2008**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**B. Fund Accounting (continued)**

**Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Cemetery Fund, Fire Fund, Special Levy Fire Truck Fund (2008), and the Special Levy Fire Building and Truck Fund (2009). 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.

**Fiduciary Funds**

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to 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 fund accounts for programs that provide cemetery maintenance. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments.

**C. Basis of Accounting**

The Township's financial statements are prepared using the 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 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.

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2009 and 2008**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**D. 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 ordinance 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.

**E. 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.

During 2009 and 2008, the Township invested in nonnegotiable certificates of deposit and STAROhio. The nonnegotiable certificates of deposit are reported at cost.

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2009 and 2008**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**E. Cash and Investments (continued)**

STAROhio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2008 and 2009.

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 2009 and 2008 were \$569 and \$5,270 respectively, which does not include \$25 and \$187 respectively assigned to the Gasoline Tax Fund and \$12 and \$94 respectively assigned to the Motor Vehicle License Tax Fund.

**F. 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. The Township did not have any restricted assets at December 31, 2009 and 2008.

**G. Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid.

**H. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The Township does not report capital assets.

**I. Interfund Receivables/Payables**

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. 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.

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2009 and 2008**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**K. Long-Term Obligations**

The Township's 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 another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

**L. 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 gasoline tax fund, cemetery fund and the fire 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.

A special levy to build an addition to the fire station and to purchase a fire truck was established in 2009. The fund received \$142,321 and spent \$139,051 in 2009.

A special levy to purchase an aerial fire truck was established in 2005. The fund received \$0 and \$130,272 in 2009 and 2008, respectively. The fund spent \$27,659 and \$122,500 in 2009 and 2008, respectively.

**M. 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 have been established for encumbrances.

**O. Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions 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 interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating 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.

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2009 and 2008**

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions 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, Gasoline Tax, Cemetery, Fire, Special Levy Fire Station and Truck, and Special Levy Fire funds 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 cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no encumbrances outstanding at the years ending December 31, 2009 and 2008.

Appropriations exceeded actual resources in the Special Levy Fire Truck Fund by \$90,679 for the year ended December 31, 2009.

**Note 4 – 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 withdrawable 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;

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2009 and 2008**

**Note 4 – Deposits and Investments (continued)**

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 (STAROhio).

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**

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2009 the carrying amount of the Township's deposits was \$39,668 and the bank balance was \$49,402. At December 31, 2008 the carrying amount of the Township's deposits was \$134,573 and the bank balance was \$140,897.

At December 31, 2009, the Township had a certificate of deposit with a carrying value of \$75,000 with a maturity less than one year.

All of the Township's bank balances were covered by Federal Depository Insurance Corporation (FDIC) and no balance was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2009 and 2008**

**Note 4 – Deposits and Investments (continued)**

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**

As of December 31, 2009 and 2008, the Township had investments in StarOhio with carrying values of \$71,409 and \$194,002, respectively. These investments have a maturity of less than one year.

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAROhio carries a rating of AA by Standard and Poor's. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAROhio 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.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M) (2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2009 and 2008**

**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 (2009) represent the collection of 2007 (2008) taxes. Real property taxes received in 2008 (2009) were levied after October 1, 2007 (2008), on the assessed values as of January 1, 2007 (2008), 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.

Public utility property tax receipts received in 2008 (2009) represent the collection of 2007 (2008) taxes. Public utility real and tangible personal property taxes received in 2008 (2009) became a lien on December 31, 2007 (2008), were levied after October 1, 2007 (2008), 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 (2009) (other than public utility property) represent the collection of 2007 (2008) taxes. Tangible personal property taxes received in 2008 (2009) were levied after October 1, 2007 (2008), on the true value as of December 31, 2007 (2008). 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.

The full tax rate for all Township operations for the years ended December 31, 2008 and 2009 was \$3.80 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 and 2009 property tax receipts were based are as follows:

	2009	2008
Real Property		
Residential	\$ 58,302,970	\$ 54,101,730
Agricultural	9,836,440	7,429,970
Commercial/Industrial/Mineral	9,914,600	10,070,050
Tangible Personal Property		
Business	78,800	1,179,170
Public Utility	<u>2,697,580</u>	<u>2,650,680</u>
Total Assessed Value	<u>\$ 80,830,390</u>	<u>\$ 75,431,600</u>

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2009 and 2008**

**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 ORARMA 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 townships 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.

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 (the latest information available).

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

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2009 and 2008**

**Note 7 – Risk Management (continued)**

At December 31, 2008 and 2007, respectively, liabilities noted above include approximately \$12.1 million and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 million and \$11.6 million of unpaid claims to be billed to approximately 950 member townships 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 \$12,000.

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.

The Township’s contributions to OTARMA for the past three years are as follows:

<u>Year</u>	<u>Contribution</u>
2009	\$13,894
2008	15,278
2007	13,701

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give 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  
HARDIN COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2009 and 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 years ended December 31, 2009 and 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 2009 and 2008 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$15,360, \$15,014, and \$11,617 respectively. The full amount has been contributed for 2009, 2008, and 2007.

**Note 9 – Post Employment Benefits**

**Ohio Public Employees Retirement System**

**Plan Description** - OPERS maintains a cost-sharing multiple-employer defined benefit post employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post employment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post employment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2009 and 2008**

**Note 9 – Post Employment Benefits (continued)**

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

**Funding Policy** – The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009 and 2008, state and local employers contributed at a rate of 14 percent of covered payroll. The Ohio Revised Code Currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS’ post employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The employer contribution allocated to the health care plan was 7 percent of covered payroll for 2008 through March 31, 2009 and 5.5 percent of covered payroll for April 1, 2009 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township’s contributions to OPERS to fund post employment healthcare benefits for the years ended 2009, 2008, and 2007 were \$15,360, \$15,014, and \$11,617, respectively; 100 percent has been contributed for 2009, 2008 and 2007.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006. January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

**Note 11 – Debt**

There was no long-term debt activity for the year ended December 31, 2009.

The Township’s long-term debt activity for the year ended December 31, 2008, was as follows:

	<u>Interest Rate</u>	<u>Balance 12/31/07</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance 12/31/08</u>
Fire Truck Special	3.7%	\$ 111,932	\$ 0	\$ 111,932	\$ 0
Levy Loan					

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2009 and 2008**

**Note 12 – Interfund Transfers**

During 2009 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Fund	\$ 110,000
Other Governmental Funds	<u>0</u>
Total Transfers from the General Fund	<u>\$ 110,000</u>

During 2008 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Fund	\$ 115,000
Other Governmental Funds	<u>0</u>
Total Transfers from the General Fund	<u>\$ 115,000</u>
Total Transfers from the General Fund	<u>\$ 225,000</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers were used to fund Gasoline Tax Fund and Cemetery Fund current expenses and for road construction and repairs.

**Note 13 – Contingent Liabilities**

The Township is presently not a defendant in any lawsuits.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 14 – Jointly Governed Organizations**

**Ada-Liberty Joint Ambulance District**

The Ada-Liberty Ambulance District (the District) is a jointly governed organization consisting of the Village of Ada and Liberty Township. The Board of Trustees consists of one member appointed by each subdivision plus one member appointed by the other two members. The District provides ambulance services within the District and by contract to areas outside the District.

**LIBERTY TOWNSHIP  
HARDIN COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2009 and 2008**

**Note 14 – Jointly Governed Organizations (continued)**

**Hardin County Regional Planning Commission**

The Hardin County Regional Planning Commission (the Commission) is a joint venture 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 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, Ohio 43326.

**Note 15 – Subsequent Event**

The fiscal officer will retire June 30, 2010. A new fiscal officer has been appointed and will begin July 1, 2010. The appointed individual is related to an elected official.

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

Liberty Township  
110 E. Buckeye Ave.  
P.O. Box 327  
Ada, OH 45810

To the Board of Trustees:

We have audited the financial statements of Liberty Township, Hardin County, (the Township) as of and for the years ended December 31, 2009, and December 31, 2008, and have issued our report thereon dated June 23, 2010, wherein we noted the Township uses a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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 to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the 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, 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider findings 2009-01 and 2009-02 described in the accompanying schedule of findings to be a material weaknesses.

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

Liberty Township  
Hardin County, Ohio  
Independent Auditors' Report on Internal Control over  
Financial Reporting and On Compliance and Other Matters  
Required by *Governmental Auditing Standards*  
Page 2

### **Internal Control Over Financial Reporting, Continued**

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated June 23, 2010.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatements, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-01 and 2009-02.

We did note certain noncompliance or other matters that we reported to the Township's management in separate letter dated June 23, 2010.

We intend this report solely for the information and use of management, the audit committee and the Board of Trustees. It is not intended for anyone other than these specified parties.

*Taylor, Applegate, Hughes & Assoc., Ltd.*

Taylor, Applegate, Hughes and Associates, Ltd.  
June 23, 2010

**LIBERTY TOWNSHIP  
HARDIN COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 and 2008**

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

**FINDING NUMBER 2009-01**

**Noncompliance/Material Weakness**

**Ohio Revised Code Section 5705-36(A)(2)** allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificated of estimated resources. ORC 5705.36 requires the Township to obtain an increase amended certificate of estimated resources from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. The Ohio Revised Code 5705.36 (A) (4) requires the Township to obtain a reduced amended certificated if the amount of the deficiency will reduce available resources below the current level of appropriation.

In fiscal year 2009, appropriations for the Fire Building and Truck Levy fund exceeded the amount of available resources. Failure to monitor the appropriations versus actual resources could result in expenditures exceeding available resources and possibly result in deficit spending.

We recommend the Fiscal Officer monitor the budget versus actual reports and approve modifications if necessary. Approval of the modifications should be enacted and documented in the Township Minutes.

**Officials' Response:** We received no response from the Township.

**FINDING NUMBER 2009-02**

**Noncompliance/Material Weakness**

**Expenditures Not To Exceed Appropriations**

**Ohio Rev. Code Section 5705.41(B)** states that “no subdivision or taxing unit is to expend money unless it has been appropriated”. The legal level of budgetary control for the Township is the level at which the original appropriation measure was approved, which is at the fund, department, and object.

The Township approved Capital Outlay appropriations for 2008 for the Special Levy-Fire Fund. Actual 2008 expenditures for the Fund were for Capital Outlay and Debt Service and an audit adjustment was approved. Therefore, the following objects of the Special Levy-Fire Fund had expenditures that exceeded appropriations in 2008:

	Appropriation	Expenditure	Variance
Debt Service – Principal Retirement	\$0	\$111,932	\$111,932
Debt Service – Interest & Charges	\$0	\$1,909	\$1,909

**LIBERTY TOWNSHIP  
HARDIN COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 and 2008**

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

**FINDING NUMBER 2009-02 (continued)**

We recommend that the Township monitor the budget at the object level to ensure actual expenditures do not exceed appropriations.

We also recommend that the Township review the financial statements and correct misclassifications.

**Officials' Response:** We received no response from the Township.



**Mary Taylor, CPA**  
Auditor of State

**LIBERTY TOWNSHIP**

**HARDIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 28, 2010**