



Dave Yost • Auditor of State

LIBERTY TOWNSHIP
HARDIN COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Liberty Township, Hardin County, (the Township) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Liberty Township, Hardin County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

October 31, 2017

**LIBERTY TOWNSHIP
HARDIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$85,499	\$77,876	\$163,375
Charges for Services		33,115	33,115
Licenses, Permits and Fees		27,098	27,098
Intergovernmental	56,521	113,099	169,620
Earnings on Investments	978	119	1,097
Miscellaneous	6,271	27,908	34,179
Total Cash Receipts	<u>149,269</u>	<u>279,215</u>	<u>428,484</u>
Cash Disbursements			
Current:			
General Government	95,935	1,725	97,660
Public Safety		67,263	67,263
Public Works		139,747	139,747
Health	14,288	55,932	70,220
Capital Outlay		5,940	5,940
Total Cash Disbursements	<u>110,223</u>	<u>270,607</u>	<u>380,830</u>
Excess of Receipts Over Disbursements	<u>39,046</u>	<u>8,608</u>	<u>47,654</u>
Other Financing Receipts (Disbursements):			
Transfers In		10,000	10,000
Transfers Out	(10,000)		(10,000)
Total Other Financing Receipts	<u>(10,000)</u>	<u>10,000</u>	<u>0</u>
Net Change in Fund Cash Balances	29,046	18,608	47,654
Fund Cash Balances, January 1	<u>243,425</u>	<u>254,123</u>	<u>497,548</u>
Fund Cash Balances, December 31:			
Restricted		272,731	272,731
Unassigned	272,471		272,471
Fund Cash Balances, December 31	<u>\$272,471</u>	<u>\$272,731</u>	<u>\$545,202</u>

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

LIBERTY TOWNSHIP
HARDIN COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (CASH BASIS)
PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

Cash Receipts:

Earnings on Investments	\$24
Fund Cash Balances, January 1	<u>12,988</u>
Fund Cash Balances, December 31	<u><u>\$13,012</u></u>

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

**LIBERTY TOWNSHIP
HARDIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$81,688	\$77,117	\$158,805
Charges for Services		18,456	18,456
Licenses, Permits and Fees		20,940	20,940
Intergovernmental	90,632	101,605	192,237
Earnings on Investments	892	150	1,042
Miscellaneous	10,089	30,049	40,138
Total Cash Receipts	<u>183,301</u>	<u>248,317</u>	<u>431,618</u>
Cash Disbursements			
Current:			
General Government	97,823	1,815	99,638
Public Safety		94,141	94,141
Public Works		135,771	135,771
Health	14,338	72,590	86,928
Capital Outlay	1,763	18,609	20,372
Total Cash Disbursements	<u>113,924</u>	<u>322,926</u>	<u>436,850</u>
Excess of Receipts Over (Under) Disbursements	<u>69,377</u>	<u>(74,609)</u>	<u>(5,232)</u>
Other Financing Receipts (Disbursements):			
Transfers In		117,176	117,176
Transfers Out	(117,176)		(117,176)
Total Other Financing Receipts	<u>(117,176)</u>	<u>117,176</u>	<u>0</u>
Net Change in Fund Cash Balances	(47,799)	42,567	(5,232)
Fund Cash Balances, January 1	<u>291,224</u>	<u>211,556</u>	<u>502,780</u>
Fund Cash Balances, December 31:			
Restricted		254,123	254,123
Unassigned	243,425		243,425
Fund Cash Balances, December 31	<u>\$243,425</u>	<u>\$254,123</u>	<u>\$497,548</u>

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

LIBERTY TOWNSHIP
HARDIN COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (CASH BASIS)
PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

Cash Receipts:

Earnings on Investments	\$24
Fund Cash Balances, January 1	<u>12,964</u>
Fund Cash Balances, December 31	<u><u>\$12,988</u></u>

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

**LIBERTY TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Township participates in two jointly governed organizations and the Ohio Township Association Risk Management Authority public entity risk pool. Notes 6 and 7 to the financial statements provide additional information for these entities. These organizations are:

1. Jointly Governed Organizations:

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

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

2. Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA) – provides property and casualty coverage.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The Township's investment in STAR Ohio (the State Treasurer's Investment Pool) is valued at amounts reported by the State Treasurer.

**LIBERTY TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

Gasoline Tax Fund – This fund receives gasoline tax money for constructing, maintaining, and repairing Township roads.

Cemetery Fund – This fund receives money from various charges and the sale of lots to provide services and maintain cemetery grounds.

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

3. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's private purpose trust funds are for the benefit of certain individuals. The Township had the following significant private purpose trust fund:

Lacey Trust – This fund receives interest money to pay for the maintenance of the Lacey family lot and perpetual care.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

**LIBERTY TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

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

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Non-spendable

The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

**LIBERTY TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

G. Capital Assets

The Township records disbursements for acquisitions of capital assets when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	<u>2015</u>	<u>2014</u>
Demand deposits	\$503,258	\$455,627
Savings account	30,430	30,409
Total deposits	<u>533,688</u>	<u>486,036</u>
STAR Ohio	24,526	24,500
Total investments	<u>24,526</u>	<u>24,500</u>
Total deposits and investments	<u>\$558,214</u>	<u>\$510,536</u>

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

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

**LIBERTY TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$109,074	\$149,269	\$40,195
Special Revenue	253,971	289,215	35,044
Debt Service	19,700	0	(19,700)
Private Purpose Trust	20	24	4
Total	<u>\$382,765</u>	<u>\$438,508</u>	<u>\$55,743</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$120,223	(\$120,223)
Special Revenue	0	270,607	(270,607)
Private Purpose Trust	0	0	0
Total	<u>\$0</u>	<u>\$390,830</u>	<u>(\$390,830)</u>

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$108,249	\$183,301	\$75,052
Special Revenue	272,816	365,493	92,677
Private Purpose Trust	41	24	(17)
Total	<u>\$381,106</u>	<u>\$548,818</u>	<u>\$167,712</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$231,100	(\$231,100)
Special Revenue	0	322,926	(322,926)
Private Purpose Trust	0	0	0
Total	<u>\$0</u>	<u>\$554,026</u>	<u>(\$554,026)</u>

The Township made disbursements from the wrong fund which violated Ohio Revised Code Section 5705.10(I). Some restricted receipts were recorded in the wrong fund which violated Ohio Revised Code Section 5705.10(D). Ohio Revised Code Section 5705.14(E) was violated when a transfer was recorded without approval of the Trustees and an approved transfer was not recorded. The Township failed to pass an appropriation measure which violated Ohio Revised Code Section 5705.38(A). The Township failed to adopt appropriations which violated Ohio Revised Code Section 5705.38(A) which resulted in expenditures in excess of appropriations which violated Ohio Revised Code Section 5705.41(B).

**LIBERTY TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

5. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

6. 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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

A. Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

**LIBERTY TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

6. RISK MANAGEMENT (Continued)

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

B. 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, 2015 and 2014:

	2015	2014
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$9,000.

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.

Contributions to OTARMA	
2015	2014
\$16,796	\$17,497

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

**LIBERTY TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

7. JOINTLY GOVERNED ORGANIZATIONS

A. 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 to twenty-seven members, any of which may hold any other public office. The Township is represented by one member. A Board consisting of Hardin County and municipalities and townships within the County governs the Commission. The degree of control exercised by any participating government is limited to its representation on the Board.

The Commission makes studies, 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.

B. Ada-Liberty Joint Ambulance District

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

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



Dave Yost • Auditor of State

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Liberty Township, Hardin County, (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2017 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider findings 2015-001 through 2015-003 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2015-004 through 2015-006 described in the accompanying schedule of findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2015-003 through 2015-009.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

October 31, 2017

**LIBERTY TOWNSHIP
HARDIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Material Weakness – Accuracy of Financial Reporting

The Township should have procedures and controls in place to prevent and detect errors in the financial statements and accounting records to help assure that the information provided to the users is complete and accurate.

The following errors were identified in December 31, 2015 financial statements:

- Homestead and rollback receipts in the amounts of \$5,790 and \$5,789 were recorded as property taxes instead of intergovernmental in the General Fund. A homestead and rollback receipt in the amount of \$5,463 was recorded as taxes instead of intergovernmental in the Special Revenue Fire District Fund;
- Property tax receipts and related auditor and treasurer fees had to be increased \$1,430 in the General fund and \$1,305 in the Special Revenue Fire District Fund to record the gross amount of the receipts. Health department fees recorded in the General Fund in the amount of \$14,288 were recorded as general government instead of health;
- General government expenditures in the amount of \$3,514 were not recorded in the General Fund;
- Public works disbursements in the amount of \$2,688 were not recorded in the Special Revenue Gasoline Fund;
- Health disbursements in the amount of \$1,566 were not recorded in the Special Revenue Cemetery fund;
- Public safety disbursements in the amount of \$653 were not recorded in the Special Revenue Fire District Fund;
- Donations received from Ohio Northern University in the amount of \$19,700 were recorded as charges for services instead of miscellaneous in the Special Revenue Special Levy Fire Fund; and
- Receipts from the sale of cemetery lots, in the amount of \$450, were recorded in the Special Revenue Cemetery Fund as Licenses, Fees and Permits instead of miscellaneous.

The following errors were identified in December 31, 2014 financial statements:

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- Homestead and rollback receipts in the amount of \$5,718 recorded in the General Fund and \$5,638 in the Special Revenue Fire District Fund were recorded as property taxes instead of intergovernmental;
- Property tax receipts and the related auditor and treasurer fees had to be increased \$1,883 in the General Fund and \$1,786 in the Special Revenue Fire District Fund to record the gross amount of the receipts. Health department fees in the General Fund in the amount of \$8,405 were recorded as general government instead of health;
- General government disbursements in the amount of \$2,256 were not recorded in the General Fund;
- Public works disbursements in the amount of \$2,043 were not recorded in the Special Revenue Gasoline Fund;

FINDING NUMBER 2015-001
(Continued)

- Health disbursements in the amount of \$1,182 were not recorded in the Special Revenue Cemetery Fund;
- Public safety disbursements in the amount of \$1,415 were not recorded in the Special Revenue Fire District Fund;
- Donations received from Ohio Northern University in the amount of \$19,700 were recorded as charges for services instead of miscellaneous in the Special Revenue Special Levy Fire fund;
- The Special Revenue Special Levy Fire Fund 2014 beginning balance did not agree with the December 31, 2013 audited ending balance. An adjustment was made to increase the beginning balance by \$2,862;
- The Special Revenue Fire District Fund 2014 beginning balance did not agree with the December 31, 2013 audited ending balance. An adjustment was made to decrease the beginning balance by \$3,426; and
- The Special Revenue Cemetery Fund 2014 beginning balance did not agree with the December 31, 2013 audited ending balance due to an entry recorded during the year. An adjustment was made to decrease the beginning balance and disbursements by \$72.

The accompanying financial statements have been adjusted for these errors. The accounting records were adjusted for those errors impacting fund balances.

In addition, the Notes to the Financial Statements had errors or omissions in the identification of significant Special Revenue Funds, the identification of collateral for deposits and the disclosure for STAR Ohio, the estimated receipts and appropriations in the budgetary note, and the disclosure for jointly governed organizations. Furthermore, the Schedule of Prior Audit Findings completed by the Fiscal Officer materially misrepresents the status of the prior audit findings. Even though corrections had been made to correct the findings documented in the prior audit, steps were not taken by the Township to prevent these errors from occurring in subsequent fiscal years.

A contributing factor to these recording errors may have been the failure to record and deposit receipts in a timely manner. Six intergovernmental checks issued to the Township in 2014 and nine intergovernmental checks issued to the Township in 2015 were not deposited by the Fiscal Officer in a timely manner. The period of time for checks received by the Township in 2015 to be deposited and recorded in the accounting system ranged from 15 to 52 days after the date of the check. In 2014, it ranged from 12 to 49 days after the date of the check.

Errors in the financial statements and supporting ledgers inhibit the ability of both the Fiscal Officer and the Board of Trustees to make sound financial decisions. Reliance on financial information that contains errors could result in noncompliance with laws and regulations applicable to the Township. In addition, financial information with errors reduces the likelihood that irregularities will be detected in a timely manner. The failure to deposit checks and record the transactions in the accounting system in a timely manner increases the risk of the loss or misuse of Township money, impacts cash flow, and also results in a loss of interest income.

The errors identified should be reviewed by the Fiscal Officer to help prevent similar errors in subsequent years. In addition, the Fiscal Officer should review governmental accounting resources such as those found on the Auditor of State website at <https://ohioauditor.gov/> for guidance in recording financial activity. The Trustees should periodically review the accounting records to help identify and correct errors prior to completion of the annual financial statements. Also, the Trustees should review the accounting records and bank statements to determine if receipts appear to be deposited timely.

FINDING NUMBER 2015-002

Material Weakness – Bank to Book Reconciliations

Monthly bank to book reconciliations are prepared to provide evidence that financial activity per the bank (including investment accounts) has been agreed to the activity per the accounting records. The reconciliations should be prepared as soon as the bank statements are available, should agree to supporting documentation such as bank statements and outstanding check lists, and be presented to the Trustees when completed. Throughout 2015 and 2014 bank to book reconciliations were not prepared timely, did not always agree to supporting documentation, and were not submitted to the Trustees for review. As a result the following errors were occurred and were not detected:

December 31, 2015:

- The reconciliation included an unsupported other adjusting factor in the amount of \$169;
- The reconciliation included an entered bank balance of \$881 which should have been \$0;
- The amount recorded as outstanding checks was not accurate due to checks which were not marked cleared in the Uniform Accounting Network system (UAN) but had cleared the bank statements. Several checks were also marked as cleared on the UAN system but had not cleared the bank;
- Payments were identified which had cleared the bank which were not recorded in the UAN system;
- Payments were identified which had been voided in the UAN system but cleared the bank statements;
- Payments were identified which were recorded in the wrong amounts; and
- The UAN system indicated bank to book reconciliations were only prepared for the months of January, February, March, April and December during 2015.

December 31, 2014:

- The reconciliation included an unsupported other adjusting factor in the amount of \$4,300;
- The amount recorded as outstanding checks on the bank reconciliation was not accurate due to checks which were not marked cleared in the UAN system but had cleared the bank statements. Several checks were also marked as cleared on the UAN system but had not cleared the bank;
- Payments were identified which had cleared the bank which were not recorded in the UAN system;
- Payments were identified which had been voided in the UAN system but cleared the bank statements;
- Payments were identified which were recorded in the wrong amounts; and
- The UAN system indicated bank to book reconciliations were only prepared for the months of January and December during 2014.

As of December 31, 2015 and 2014, the bank balances were higher than the UAN system balance. Audit adjustments in the amount of \$4,958 for 2015 and \$4,288 for 2014 have been posted to the financial statements and accounting records to increase miscellaneous receipts in the General Fund in order to reconcile the bank balances to the UAN system.

The failure to prepare and review/monitor the bank-to-book reconciliations in a timely manner permitted reconciling differences to remain undetected and for the presentation of misstated financial statements.

The accompanying financial statements have been adjusted so that the bank to book reconciles.

**FINDING NUMBER 2015-002
(Continued)**

Bank to book reconciliations should be prepared each month as soon as the bank (and investment) statements are available. Amounts on the reconciliations such as bank, outstanding checks, and other adjusting factors should be agreed to supporting documentation. Unexplained variances should be investigated and resolved. The reconciliations, along with supporting documentation, should be presented to the Trustees each month for review and approval. The review and approval should be noted on the reconciliation and/or the minutes.

FINDING NUMBER 2015-003

Noncompliance Citation / Material Weakness

Ohio Rev. Code Section § 5705.10(I) requires that money paid into any fund shall be used only for the purposes for which such fund is established.

In 2015, the Township recorded payroll disbursements, including vacation leave payments, in the amount of \$19,724 to the Special Revenue Gasoline Tax Fund which should have been recorded in the Special Revenue Cemetery Fund. Additionally, in 2015 property taxes collection fees of \$333 were deducted from the General Fund and should have also been allocated to the Special Revenue Fire District Fund.

In 2014, the Township recorded payroll disbursements, including vacation leave payments, in the amount of \$6,351 to the Special Revenue Gasoline Tax Fund which should have been recorded in the Special Revenue Cemetery Fund. The Township also deducted \$5,933 in health department fees, delinquent property tax fees, and election fees from the Special Revenue Fire District Fund instead of the General Fund.

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

The Township should implement a control(s) and/or procedure(s) to help ensure that payroll, including vacation leave payments, is allocated to the proper funds. Employee timesheets should document the number of hours worked each day and a description of the work performed. For example, if the employee works an eight-hour day and four hours are spent mowing cemeteries and four hours are spent mowing ditches, the timesheet should include both the amount of time on each task and the total hours for the day. Payroll expenses should then be charged to the allowable funds based on the descriptions of the work performed. Paid vacation leave should be either paid from the General Fund or reasonably allocated to restricted funds based on the assigned duties of employees. In addition, auditor and treasurer fees should be allocated to funds according to the county auditor settlement sheets.

FINDING NUMBER 2015-004

Noncompliance Citation / Significant Deficiency

Ohio Rev. Code § 5705.10(D) states, in part, that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. In 2015, a homestead and rollback receipt in the amount of \$5,463, was recorded in the General Fund instead of the Special Revenue Fire District Fund. In 2014, a motor vehicle tax receipt in the amount of \$950 was recorded in the Special Revenue Gasoline Tax Fund instead of the Special Revenue Motor Vehicle License Tax Fund.

**FINDING NUMBER 2015-004
(Continued)**

The failure to record receipts in the correct fund impacts the users understanding of the available resources in each fund, may result in the illegal disbursement of restricted money, may materially misstate the financial statements, and makes it more difficult to detect irregularities.

The accompanying financial statements and the accounting records have been adjusted to correct this error.

The Trustees should periodically review the accounting records to help identify and correct errors in a timely manner. In addition, the Fiscal Officer should review governmental accounting resources such as those found on the Auditor of State website at <https://ohioauditor.gov/> for guidance in recording financial activity.

FINDING NUMBER 2015-005

Noncompliance Citation / Significant Deficiency

Ohio Rev. Code § 5705.14(E) states money may be transferred from the general fund to any other fund of the subdivision. OAG Opinion 89-075 provides a governing board resolution passed by a simple majority of the board members to transfer funds.

During 2014, a \$28,926.45 transfer was made from the General Fund to the Special Revenue Gasoline Fund without evidence of approval by the Trustees. This transfer was retroactively approved by the Trustees on March 20, 2017. In addition, a \$10,000 transfer from the General Fund to the Special Revenue Cemetery Fund was approved by the Trustees during the June 2, 2014 meeting. However, this transfer was not recorded in the Township's books. The Township has since indicated it did not want to make this transfer.

The recording of unapproved transfers or the failure to either approve each transfer by resolution, or if the transfer is from the general fund, to include as part of the appropriations resolution, increases the risk of irregularities and/or the risk that adequate resources will not be available to cover obligations in the fund transferring the money.

The Trustees should periodically review the accounting records to help assure that approved transfers have been recorded and that no un-approved transfers have been recorded.

FINDING NUMBER 2015-006

Noncompliance Citation / Significant Deficiency

Resolution 2007-19 Liberty Township Credit Card Policy states, in part, that credit cards may be used, with the department director's prior approval, for purchasing items whereby a township check or other billing option is not available. The employee must report all purchases to the township's Fiscal Officer with the receipt of the purchase.

**FINDING NUMBER 2015-006
(Continued)**

In 2015 and 2014, the Township utilized credit cards which resulted in twelve payments each year to the credit card company for a total of \$6,681.66 in 2015 and \$5,359.46 in 2014. Supporting documentation did not exist for the transactions on the credit card statements.

The lack of supporting documentation for each credit card transaction increases the risk of Township money being used for purchases which are not for a proper public purpose. Payments issued for disbursements that are not for a proper purpose may result in findings for recovery against those authorizing the payment.

The Fiscal Officer should review all credit card statements prior to payment to ensure that supporting receipts have been provided for each transaction. Transactions without a supporting receipt should be immediately brought to the attention of the Trustees prior to payment. The Trustees should identify which employee is responsible for the transaction(s) without support and hold them accountable for the charges instead of using Township funds to pay the statement balance. In addition, all Township employees should be reminded of the requirements outlined in the Township's Credit Card Policy.

FINDING NUMBER 2015-007

Noncompliance Citation

Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year-end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1 of the current year. **Ohio Rev. Code § 5705.41(B)** states, in part that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.

There was no evidence that the Trustees approved appropriations for 2015 and 2014. As a result, all disbursements exceeded appropriations.

The failure to approve appropriations may result in spending greater than available resources and the illegal disbursement of money.

A procedure(s) and/or control(s), such as a reminder system, should be implemented to help ensure that the Trustees approve the annual appropriations by the required date, and that the Township maintains evidence of the approval. The approved appropriations, along with the certified estimated receipts, should be entered into the accounting system. Periodically the Trustees should compare the most recently approved appropriations and estimated receipts to the accounting system to help ensure the most recently approved amounts have been recorded in the accounting system.

FINDING NUMBER 2015-008

Noncompliance Citation / Finding for Recovery Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper “Public Purpose” states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

The Township’s monthly VISA credit card payments included unsupported monthly charges to the Township’s credit card. The Township’s credit card statements included a charge in the amount of \$14.95 every month in 2014 and for every month except December in 2015 for a total of \$343 from SB*PLANPLUS. The credit card statements also included a charge in the amount of \$14.95 every month in 2014 and for every month except December in 2015 for a total of \$343 from SB*SAVINGS 2 GO. The credit card statements included a charge in the amount of \$16.95 every month in 2014 and 2015 for a total of \$406 from EASY SAVER. Township Officials were not aware of the purpose of the credit card purchases described above, were not aware of any goods or services being provided to the Township for the charges, and were unable to provide any supporting documentation related to the charges.

Fiscal Officer, Angela Hall authorized monthly credit card payments which included unsupported charges in the amount of \$1,092 by signing the warrants. Accordingly, Angela Hall and her bonding company, the Travelers Casualty and Surety Company of America, will be liable in the amount of \$1,047 in favor of Liberty Township’s Fire District Fund and \$45 in favor of Liberty Township’s General Fund, to the extent that recovery or restitution is not obtained from Trustee, Bradley Hays; Trustee, Jeffery Acheson; and Trustee, Gary Hall.

Trustee, Bradley Hays authorized monthly credit card payments which included unsupported charges in the amount of \$1,000 by signing the warrants. Accordingly, Bradley Hays and his bonding company, the Ohio Township Association Risk Management Authority, will be liable in the amount of \$954 in favor of Liberty Township’s Fire District Fund and \$46 in favor of Liberty Township’s General Fund, to the extent that recovery or restitution is not obtained from Fiscal Officer, Angela Hall; Trustee, Jeffery Acheson; and Trustee, Gary Hall.

Trustee, Jeffrey Acheson authorized monthly credit card payments which included unsupported charges in the amount of \$953 by signing the warrants. Accordingly, Jeffrey Acheson and his bonding company, the Ohio Township Association Risk Management Authority, will be liable in the amount of \$907 in favor of Liberty Township’s Fire District Fund and \$46 in favor of Liberty Township’s General Fund, to the extent that recovery or restitution is not obtained from Fiscal Officer, Angela Hall; Trustee, Bradley Hays; and Trustee Gary Hall.

Trustee, Gary Hall authorized monthly credit card payments which included unsupported charges in the amount of \$953 by signing the warrants. Accordingly, Gary Hall and his bonding company, the Ohio Township Association Risk Management Authority, will be liable in the amount of \$953 in favor of Liberty Township’s Fire District Fund, to the extent that recovery or restitution is not obtained from Fiscal Officer, Angela Hall, Trustee, Bradley Hays; and Trustee, Jeffery Acheson.

FINDING NUMBER 2015-008
(Continued)

In accordance with the forgoing facts, and pursuant to Ohio Revised Code § 117.28, Findings for Recovery for monies illegally expended is hereby issued against Fiscal Officer, Angela Hall and her bonding company, the Travelers Casualty and Surety Company of America, in the amount of \$1,047 in favor of Liberty Township's Fire District Fund and \$45 in favor of Liberty Township's General Fund for a total of \$1,092; Trustee, Bradley Hays and his bonding company, the Ohio Township Association Risk Management Authority in the amount of \$954 in favor of Liberty Township's Fire District Fund and \$46 in favor of Liberty Township's General Fund for a total of \$1,000; Trustee, Jeffrey Acheson and his bonding company, the Ohio Township Association Risk Management Authority, in the amount of \$907 in favor of Liberty Township's Fire District Fund and \$46 in favor of Liberty Township's General Fund for a total of \$953; and Trustee, Gary Hall and his bonding company, the Ohio Township Association Risk Management Authority, in the amount of \$953 in favor of Liberty Township's Fire District Fund.

On September 19, 2017, Brad Hays repaid \$273.50 of the finding for recovery with receipt #134-2017, which was deposited into the Liberty Township Fire District Fund. On September 19, 2017, Angela Hall repaid \$273.50 of the finding for recovery with receipt #135-2017, which was deposited into the Liberty Township Fire District Fund. On September 19, 2017, Gary Hall repaid \$273.50 of the finding for recovery with receipt #136-2017, which was deposited into the Liberty Township Fire District Fund. On September 19, 2017, Jeffrey Acheson repaid \$273.50 of the finding for recovery with receipt #137-2017, of which \$227.50 was deposited into the Liberty Township Fire District Fund and \$46 was deposited into the Liberty Township General Fund.

FINDING NUMBER 2015-009

Noncompliance Citation / Finding for Recovery Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

During 2014, the Township issued health insurance reimbursements to Trustees Bradley Hays, Gary Hall and Jeffrey Acheson, Fiscal Officer Angela Hall, and employees Teddy Paugh and Tim Dearth. The health insurance reimbursements were issued to the aforementioned officials and employees as non-payroll warrants with no federal, state, or local tax withholdings and each of the warrants cleared the bank, indicating the warrants were cashed. The Township's accounting records indicate each of the warrants were later voided from the accounting system and re-entered as a payroll disbursement with federal, state, and local tax withholdings, which is how the reimbursements should have been initially recorded. Since the officials and employees each received the gross amount of the health insurance reimbursement and the Township then remitted federal, state, and local tax withholdings after the reimbursements were re-entered as payroll transactions, the Township incurred expenses in excess of the amount it was permitted to reimburse the officials and employees.

FINDING NUMBER 2015-009
(Continued)

Township Trustee, Bradley Hays received health insurance reimbursement check number 7033 on September 14, 2014 in the amount of \$4,300. Check number 7033 was later voided from the accounting system and reentered as a payroll transaction with the gross expenditures of \$4,300 and net expenditure of \$4,181 after federal, state, and local taxes were withheld. Paying the gross reimbursement to the township trustee and subsequently remitting the withholdings after correcting the recording of this transaction resulted in the Township overpaying the Trustee by \$119, or the amount of federal, state, and local taxes which should have been withheld before the reimbursement was issued.

Fiscal Officer, Angela Hall and Trustees Bradley Hays, Gary Hall, and Jeffrey Acheson authorized the health insurance reimbursement in the amount of \$119 by signing check number 7033. Accordingly, Angela Hall and her bonding company, the Travelers Casualty and Surety Company of America, and Trustees Bradley Hays, Gary Hall, and Jeffrey Acheson and their bonding company, the Ohio Township Association Risk Management Authority, will be liable in the amount of \$119 in favor of Liberty Township's General Fund, to the extent that recovery or restitution is not obtained from Trustee, Bradley Hays.

Trustee, Gary Hall received health insurance reimbursement check number 6738 on January 20, 2014 in the amount of \$4,300. Check number 6738 was later voided from the accounting system and reentered as a payroll transaction with the gross expenditures of \$4,300 and net expenditure of \$4,181 after federal, state, and local taxes were withheld. Paying the gross reimbursement to the township trustee and subsequently remitting the withholdings after correcting the recording of this transaction resulted in the Township overpaying the Trustee by \$119, or the amount of federal, state, and local taxes which should have been withheld before the reimbursement was issued. Fiscal Officer, Angela Hall and Trustees Bradley Hays, Gary Hall, and Jeffrey Acheson authorized the health insurance reimbursement in the amount of \$119 by signing check number 6738. Accordingly, Angela Hall and her bonding company, the Travelers Casualty and Surety Company of America, and Trustees Bradley Hays, Gary Hall, and Jeffrey Acheson and their bonding company, the Ohio Township Association Risk Management Authority, will be liable in the amount of \$119 in favor of Liberty Township's General Fund, to the extent that recovery or restitution is not obtained from Trustee, Gary Hall.

Trustee, Jeffrey Acheson received health insurance reimbursement check number 6739 on January 20, 2014 in the amount of \$4,300. Check number 6739 was later voided from the accounting system and reentered as a payroll transaction with the gross expenditures of \$4,300 and net expenditure of \$4,181 after federal, state, and local taxes were withheld. Paying the gross reimbursement to the township trustee and subsequently remitting the withholdings after correcting the recording of this transaction resulted in the Township overpaying the Trustee by \$119, or the amount of federal, state, and local taxes which should have been withheld before the reimbursement was issued. Fiscal Officer, Angela Hall and Trustees Gary Hall, and Jeffrey Acheson authorized the health insurance reimbursement in the amount of \$119 by signing check number 6739. Accordingly, Angela Hall and her bonding company, the Travelers Casualty and Surety Company of America, and Trustees Gary Hall, and Jeffrey Acheson and their bonding company, the Ohio Township Association Risk Management Authority, will be liable in the amount of \$119 in favor of Liberty Township's General Fund, to the extent that recovery or restitution is not obtained from Trustee, Jeffrey Acheson.

FINDING NUMBER 2015-009
(Continued)

Fiscal Officer, Angela Hall received health insurance reimbursement check number 6779 on February 9, 2014 in the amount of \$1,560. Check number 6779 was later voided from the accounting system and reentered as a payroll transaction with the gross expenditures of \$1,560 and net expenditure of \$1,538 after federal, state, and local taxes were withheld. Paying the gross reimbursement to the fiscal officer and subsequently remitting the withholdings after correcting the recording of this transaction resulted in the Township overpaying the Fiscal Officer by \$22, or the amount of federal, state, and local taxes which should have been withheld before the reimbursement was issued. Fiscal Officer, Angela Hall and Trustees Bradley Hays, Gary Hall, and Jeffrey Acheson authorized the health insurance reimbursement in the amount of \$22 by signing check number 6779. Accordingly, Angela Hall and her bonding company, the Travelers Casualty and Surety Company of America, and Trustees Bradley Hays, Gary Hall, and Jeffrey Acheson and their bonding company, the Ohio Township Association Risk Management Authority, will be liable in the amount of \$22 in favor of Liberty Township's General Fund, to the extent that recovery or restitution is not obtained from Fiscal Officer, Angela Hall.

Former Township employee, Teddy Paugh received health insurance reimbursement check number 6767 on February 3, 2014 in the amount of \$3,294. Check number 6767 was later voided from the accounting system and reentered as a payroll transaction with the gross expenditures of \$3,294 and net expenditure of \$3,101 after federal, state, and local taxes were withheld. Paying the gross reimbursement to the employee and subsequently remitting the withholdings after correcting the recording of this transaction resulted in the Township overpaying the employee by \$193, or the amount of federal, state, and local taxes which should have been withheld before the reimbursement was issued. Fiscal Officer, Angela Hall and Trustees Bradley Hays, Gary Hall, and Jeffrey Acheson authorized the health insurance reimbursement in the amount of \$193 by signing check number 6769. Accordingly, Angela Hall and her bonding company, the Travelers Casualty and Surety Company of America, and Trustees Bradley Hays, Gary Hall, and Jeffrey Acheson and their bonding company, the Ohio Township Association Risk Management Authority, will be liable in the amount of \$193 in favor of Liberty Township's General Fund, to the extent that recovery or restitution is not obtained from employee, Teddy Paugh.

Township employee, Tim Dearth received health insurance reimbursement check number 6780 on February 9, 2014 in the amount of \$3,414. Check number 6780 was later voided from the accounting system and reentered as a payroll transaction with the gross expenditures of \$3,414 and net expenditure of \$3,339 after federal, state, and local taxes were withheld. Paying the gross reimbursement to the employee and subsequently remitting the withholdings after correcting the recording of this transaction resulted in the Township overpaying the employee by \$75, or the amount of federal, state, and local taxes which should have been withheld before the reimbursement was issued. Fiscal Officer, Angela Hall and Trustees Bradley Hays, Gary Hall, and Jeffrey Acheson authorized the health insurance reimbursement in the amount of \$75 by signing check number 6780. Accordingly, Angela Hall and her bonding company, the Travelers Casualty and Surety Company of America, and Trustees Bradley Hays, Gary Hall, and Jeffrey Acheson and their bonding company, the Ohio Township Association Risk Management Authority, will be liable in the amount of \$75 in favor of Liberty Township's General Fund, to the extent that recovery or restitution is not obtained from employee, Tim Dearth.

**FINDING NUMBER 2015-009
(Continued)**

In accordance with the forgoing facts, and pursuant to Ohio Revised Code § 117.28, Findings for Recovery for monies illegally expended are hereby issued against Fiscal Officer, Angela Hall and her bonding company, the Travelers Casualty and Surety Company of America, in the amount of \$22 in favor of Liberty Township's General Fund; Trustee, Bradley Hays and his bonding company, the Ohio Township Association Risk Management Authority, in the amount of \$119 in favor of Liberty Township's General Fund; Trustee, Gary Hall and his bonding company, the Ohio Township Association Risk Management Authority, in the amount of \$119 in favor of Liberty Township's General Fund; Trustee, Jeffrey Acheson and his bonding company, the Ohio Township Association Risk Management Authority, in the amount of \$119 in favor of Liberty Township's General Fund; Township employee, Teddy Paugh, in the amount of \$193 in favor of Liberty Township's General Fund; and Township employee, Tim Dearth in the amount of \$75 in favor of Liberty Township's General Fund.

On September 14, 2017, Brad Hays repaid \$119 with receipt #130-2017 which was deposited into the Liberty Township General Fund. On September 19, 2017, Angela Hall repaid \$22 with receipt #138-2017 which was deposited into the Liberty Township General Fund. On September 19, 2017, Jeffrey Acheson repaid \$119 with receipt #139-2017 which was deposited into the Liberty Township General Fund. On September 19, 2017, Gary Hall repaid \$119 with receipt #140-2017 which was deposited into the Liberty Township General Fund. On October 2, 2017, Tim Dearth repaid \$75 with receipt #149-2017 which was deposited into the Liberty Township General Fund. On November 6, 2017, Angie Hall repaid \$193 with receipt #165-2017 which was deposited into the Liberty Township General Fund.

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

**LIBERTY TOWNSHIP
HARDIN COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Status	Additional Information
2013-001	Material Weakness - Accuracy of Financial Reporting First reported for the 2011-2010 audit period.	Not Corrected	Repeated as Finding 2015-001
2013-002	Significant Deficiency/Noncompliance Citation Ohio Rev. Code § 5705.10(D) First reported for the 2011-2010 audit period.	Partially Corrected	Repeated as Finding 2015-004
2013-003	Noncompliance Citation / Material Weakness - Ohio Rev. Code § 5705.10(I)	Not Corrected	Repeated as Finding 2015-003
2013-004	Noncompliance Citation Ohio Rev. Code § 5705.41(B) First reported for the 2009-2008 audit period.	Not Corrected	Repeated as Finding 2015-007
2013-005	Noncompliance Citation Ohio Rev. Code § 5705.14(E) First reported for the 2011-2010 audit period.	Not Corrected	Repeated as Finding 2015-005



Dave Yost • 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
DECEMBER 26, 2017**