

**Liberty Township
Harding County, OH
Financial Statements
December 31, 2007 and 2006**



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 and Associates, Ltd., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Liberty Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 9, 2008

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**Liberty Township
Hardin County, Ohio
Financial Statements
December 31, 2007 and 2006**

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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 Liberty Township, Hardin County, Ohio, (the Township), as of and for the years ended December 31, 2007 and 2006. 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 modified 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, 2007 and 2006, and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Cemetery, Fire, and Special Levy Fire Truck funds thereof for the years December 31, 2007 and 2006 in conformity with the basis of accounting Note 2 describes.

Liberty Township
Hardin County
Independent Auditors' Report
Page 2

In accordance with *Government Auditing Standards*, we have also issued a report dated July 22, 2008, 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.
July 22, 2008

LIBERTY TOWNSHIP, HARDIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED

This discussion and analysis of the Ohio Local Government's financial performance provides an overall review of the Government's financial activities for the year ended December 31, 2007, within the limitations of the Government's modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Government's financial performance.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$10,284, or 3 percent. The funds most affected by a decrease in cash and cash equivalents were the General Fund, Gasoline Tax Fund, and the Cemetery Fund, which had the greatest burden of increased costs in 2007; however, cost increases affected most funds.

The Government's general receipts are primarily property taxes. These receipts represent 63 percent of the total cash received for governmental activities during the year. Property tax receipts for 2007 changed very little compared to 2006 as development within the Government has stayed the same.

The Fire Department Fund received a grant of \$8,000 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 the Government's modified cash basis of accounting.

Report Components

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

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

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

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Government has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under

LIBERTY TOWNSHIP, HARDIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED

the Government's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Government did financially during 2007, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Government at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Government's general receipts.

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

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

Governmental activities. All of the Government'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 the Government's Most Significant Funds

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

LIBERTY TOWNSHIP, HARDIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
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Governmental Funds - Most of the Government's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Government's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Government's programs. The Government's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Government's major governmental funds are the General Fund, Gasoline Tax Fund, Cemetery Fund, Special Levy Fire Truck Fund, and the Fire 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 the Government. Fiduciary funds are not reflected on the Government-wide financial statements because the resources of these funds are not available to support the Government's programs.

The Government as a Whole

Table 1 provides a summary of The Government's net assets for 2007 compared to 2006 on a modified cash basis:

(Table 1)

Net Assets

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$272,198	\$102,804
Investments	15,838	174,948
Total Assets	\$288,036	\$277,752
Net Assets		
Restricted for:		
Debt Service		
Capital Outlay		
Other Purposes	110,110	98,688
Unrestricted	177,926	179,064
Total Net Assets	\$288,036	\$277,752

As mentioned previously, net assets of governmental activities increased \$10,284 or 3 percent during 2007. The primary reasons contributing to the increases in cash balances are as follows:

LIBERTY TOWNSHIP, HARDIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
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- Increases in the interest rate.
- In 2007, Fire Department received an \$8,000 grant for equipment.

Table 2 reflects the changes in net assets on a modified cash basis in 2007 and 2006 for governmental activities and total primary government.

(Table 2)

Changes in Net Assets

	Governmental Activities	
	2007	2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$38,233	\$40,526
Operating Grants and Contributions	159,591	272,012
Total Program Receipts	197,824	312,538
General Receipts:		
Property and Other Local Taxes	244,948	219,091
Grants and Entitlements Not Restricted to Specific Programs	21,765	26,046
Interest	13,021	13,543
Miscellaneous	11,988	7,205
Total General Receipts	291,722	265,885
Total Receipts	489,546	578,423
Disbursements:		
General Government	80,086	72,639
Public Safety	77,934	62,752
Transportation	113,539	147,033
Cemetery	84,458	86,101
Capital Outlay	2,564	145,410
Debt Service		
Principal Retirement	108,059	115,009
Interest Charges	12,942	5,991
Total Disbursements	479,582	634,935
Excess (Deficiency) Before Transfers	9,964	(56,512)
Transfers		
Increase (Decrease) in Net Assets	9,964	(56,512)
Other Financing Sources	320	173
Net Assets, January 1, 2007	277,752	334,090
Net Assets, December 31, 2007	\$288,036	\$277,752

LIBERTY TOWNSHIP, HARDIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
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Program receipts represent only 40 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 59.59 percent of the Government's total receipts, and of this amount, over 84 percent are local taxes. State and federal grants and entitlements make up the balance of the Government's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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

The Government's Funds

Total governmental funds had receipts of \$489,546 and disbursements of \$479,582. The greatest change within governmental funds occurred within the General Fund. The fund balance of the Gasoline Tax Fund decreased \$5,374 as the result of increased costs for gasoline and road repairs.

General Fund Budgeting Highlights

The Government'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 2007, the Government 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 \$87,138 while actual disbursements were \$80,208. The Government transferred funds to other funds to cover expenses in the Gasoline Fund and the Cemetery Fund. This was budgeted at \$80,000 while actual transfers were \$55,000. The result is the decrease in fund balance of \$1,138 for 2007.

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.

LIBERTY TOWNSHIP, HARDIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of The Government's finances and to reflect The Government's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Kathryn J. Gulbis, Fiscal Officer, Liberty Township, P.O. Box 327, 110 E. Buckeye Ave.; Ada, OH 45810.

LIBERTY TOWNSHIP, HARDIN COUNTY
Statement of Net Assets - Modified Cash Basis
December 31, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 272,198
Investments	15,838
Total Assets	\$ 288,036
 Net Assets	
Restricted for:	
Other Purposes	\$ 110,110
Unrestricted	177,926
Total Net Assets	288,036

See accompanying notes to the financial statements.

LIBERTY TOWNSHIP, HARDIN COUNTY
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2007

	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
Governmental Activities					
General Government	\$ 80,086	\$ -	\$ -	\$ (80,086)	\$ (80,086)
Public Safety	77,934	38,233	-	(39,701)	(39,701)
Public Works	113,540	-	102,615	(10,925)	(10,925)
Health	84,458	3,300	-	(81,158)	(81,158)
Other	-	21,765	8,250	30,015	30,015
Capital Outlay	2,564	-	-	(2,564)	(2,564)
Debt Service:					
Principal	108,059	-	-	(108,059)	(108,059)
Interest	12,941	-	-	(12,941)	(12,941)
Total Governmental Activities	<u>479,582</u>	<u>63,298</u>	<u>110,865</u>	<u>(305,419)</u>	<u>(305,419)</u>
Total Primary Government	<u>\$ 479,582</u>	<u>\$ 63,298</u>	<u>\$ 110,865</u>	<u>\$ (305,419)</u>	<u>\$ (305,419)</u>
General Receipts					
Property Taxes				\$ 244,948	\$ 244,948
Other Taxes				21,169	21,169
Grants and Entitlements not Restricted to Specific Programs				27,557	27,557
Earnings on Investments				13,021	13,021
Miscellaneous				9,008	9,008
<i>Total General Receipts</i>				315,703	315,703
Transfers				-	-
Advances				-	-
Total General Receipts, Transfers and Advances				<u>315,703</u>	<u>315,703</u>
Change in Net Assets				10,284	10,284
<i>Net Assets Beginning of Year</i>				<u>277,752</u>	<u>277,752</u>
<i>Net Assets End of Year</i>				<u>\$ 288,036</u>	<u>\$ 288,036</u>

See accompanying notes to the financial statements.

LIBERTY TOWNSHIP, HARDIN COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	GENERAL	GASOLINE TAX	CEMETERY	SPECIAL LEVY -
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 162,087	\$ 10,934	\$ 6,592	\$ 21,150
Investments	15,837	-	-	-
Total Assets	177,924	10,934	6,592	21,150
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$ 180	\$ 314	\$ 228	\$ -
Reserved for Unclaimed Monies	-	-	-	-
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	177,744	-	-	-
Special Revenue Funds	-	10,620	6,364	21,150
Total Fund Balances	\$ 177,924	\$ 10,934	\$ 6,592	\$ 21,150

See accompanying notes to the financial statements.

LIBERTY TOWNSHIP, HARDIN COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007
(Continued)

	FIRE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	<u> </u>	<u> </u>	<u> </u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 60,236	\$ 11,200	\$ 272,198
Investments	<u>-</u>	<u>-</u>	<u>15,838</u>
Total Assets	<u>60,236</u>	<u>11,200</u>	<u>288,036</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	-	69	792
Reserved for Unclaimed Monies	-	-	-
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	-	-	177,745
Special Revenue Funds	<u>60,236</u>	<u>11,131</u>	<u>109,499</u>
Total Fund Balances	<u>\$ 60,236</u>	<u>\$ 11,200</u>	<u>\$ 288,036</u>

See accompanying notes to the financial statements.

LIBERTY TOWNSHIP, HARDIN COUNTY
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	GENERAL	GASOLINE TAX	CEMETERY	SPECIAL LEVY	FIRE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts							
Property and Other Local Taxes	\$ 83,774	\$ -	\$ -	\$ 104,407	\$ 56,767	\$ -	\$ 244,948
Charges for Services	-	-	-	21,700	16,533	-	38,233
Licenses, Permits and Fees	-	-	21,765	-	-	-	21,765
Fines and Forfeitures	-	-	-	-	-	-	-
Intergovernmental	37,686	93,639	-	7,189	12,099	8,977	159,590
Special Assessments	-	-	-	-	-	-	-
Earnings on Investments	12,106	620	-	-	-	295	13,021
Miscellaneous	-	4,633	5,387	-	1,686	282	11,988
Total Receipts	<u>133,566</u>	<u>98,892</u>	<u>27,152</u>	<u>133,296</u>	<u>87,085</u>	<u>9,554</u>	<u>489,545</u>
Disbursements							
Current:							
General Government	80,028	-	-	-	58	-	80,086
Public Safety	-	-	-	109	77,825	-	77,934
Public Works	-	104,265	-	-	-	9,274	113,539
Health	-	-	84,458	-	-	-	84,458
Human Services	-	-	-	-	-	-	-
Conservation-Recreation	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Capital Outlay	-	-	-	2,564	-	-	2,564
Debt Service:							
Principal Retirement	-	-	-	108,059	-	-	108,059
Interest and Fiscal Charges	-	-	-	12,941	-	-	12,941
Total Disbursements	<u>80,028</u>	<u>104,265</u>	<u>84,458</u>	<u>123,673</u>	<u>77,883</u>	<u>9,274</u>	<u>479,581</u>
Excess of Receipts Over (Under) Disbursements	<u>53,538</u>	<u>(5,373)</u>	<u>(57,306)</u>	<u>9,623</u>	<u>9,202</u>	<u>280</u>	<u>9,964</u>
Other Financing Sources (Uses)							
Transfers In	-	-	55,000	-	-	-	55,000
Transfers Out	(55,000)	-	-	-	-	-	(55,000)
Other Financing Sources	<u>320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>320</u>
Total Other Financing Sources (Uses)	<u>(54,680)</u>	<u>-</u>	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>320</u>
Net Change in Fund Balances	(1,142)	(5,373)	(2,306)	9,623	9,202	280	10,284
Fund Balances Beginning of Year	<u>179,066</u>	<u>16,307</u>	<u>8,898</u>	<u>11,527</u>	<u>51,034</u>	<u>10,920</u>	<u>277,752</u>
Fund Balances End of Year	<u>\$ 177,924</u>	<u>\$ 10,934</u>	<u>\$ 6,592</u>	<u>\$ 21,150</u>	<u>\$ 60,236</u>	<u>\$ 11,200</u>	<u>\$ 288,036</u>

See accompanying notes to the financial statements.

LIBERTY TOWNSHIP, HARDIN COUNTY
Statement of Changes in Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2007

	Private Purpose Trust
Additions	
Contributions	\$ -
Interest	545
Total Additions	545
 Deductions	
Payments in Accordance with Trust Agreements	22
Other	-
Total Deductions	22
 Change in Net Assets	 523
Net Assets - Beginning of Year	12,073
Net Assets - End of Year	12,596

See accompanying notes to the financial statements.

LIBERTY TOWNSHIP, HARDIN COUNTY
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2007

	Private Purpose Trust
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 12,596
Investments	-
Total Assets	12,596
 Net Assets	
Restricted for:	
Capital Projects	-
Debt Service	-
Other Purposes	12,596
Unrestricted	-
Total Net Assets	\$ 12,596

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, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 79,352	\$ 79,352	\$ 83,774	\$ 4,422
Charges for Services	-	-	-	-
Licenses, Permits and Fees	-	-	-	-
Fines and Forfeitures	-	-	-	-
Intergovernmental	36,827	36,827	37,686	859
Special Assessments	-	-	-	-
Earnings on Investments	9,667	9,667	12,106	2,439
Miscellaneous	-	-	-	-
Total Receipts	<u>125,846</u>	<u>125,846</u>	<u>133,566</u>	<u>7,720</u>
Disbursements				
Current:				
General Government	83,948	86,648	80,028	6,440
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health	-	-	-	-
Human Services	-	-	-	-
Conservation-Recreation	-	-	-	-
Other	-	-	-	-
Capital Outlay	3,090	490	-	490
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Disbursements	<u>87,038</u>	<u>87,138</u>	<u>80,028</u>	<u>6,930</u>
Excess of Receipts Over (Under) Disbursements	<u>38,808</u>	<u>38,708</u>	<u>53,538</u>	<u>14,650</u>
Other Financing Sources (Uses)				
Transfers Out	(80,000)	(80,000)	(55,000)	25,000
Other Financing Sources	-	-	320	320
Total Other Financing Sources (Uses)	<u>(80,000)</u>	<u>(80,000)</u>	<u>(54,680)</u>	<u>25,320</u>
Net Change in Fund Balance	(41,192)	(41,292)	(1,142)	39,970
Unencumbered Cash Balance Beginning of Year	176,364	176,364	176,366	-
Prior Year Encumbrances Appropriated	<u>2,700</u>	<u>2,700</u>	<u>2,700</u>	-
Unencumbered Cash Balance End of Year	<u>137,872</u>	<u>137,772</u>	<u>177,924</u>	<u>39,973</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, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Licenses, Permits and Fees	5,000	5,000	-	(5,000)
Fines and Forfeitures	-	-	-	-
Intergovernmental	77,838	77,838	93,639	15,801
Special Assessments	-	-	-	-
Earnings on Investments	723	723	620	(103)
Miscellaneous	<u>100</u>	<u>100</u>	<u>4,633</u>	<u>4,533</u>
Total Receipts	<u>83,661</u>	<u>83,661</u>	<u>98,892</u>	<u>15,231</u>
Disbursements				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	97,235	117,235	104,265	12,970
Health	-	-	-	-
Human Services	-	-	-	-
Conservation-Recreation	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Disbursements	<u>97,235</u>	<u>117,235</u>	<u>104,265</u>	<u>12,970</u>
Excess of Receipts Over (Under) Disbursements	<u>(13,574)</u>	<u>(33,574)</u>	<u>(5,373)</u>	<u>28,201</u>
Other Financing Sources (Uses)				
Transfers In	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
Net Change in Fund Balance	1,426	(18,574)	(5,373)	13,201
Unencumbered Cash Balance Beginning of Year	14,631	14,631	14,631	-
Prior Year Encumbrances Appropriated	<u>1,677</u>	<u>1,676</u>	<u>1,676</u>	<u>-</u>
Unencumbered Cash Balance End of Year	<u>\$ 17,734</u>	<u>\$ (2,267)</u>	<u>\$ 10,934</u>	<u>\$ 13,201</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Licenses, Permits and Fees	20,000	20,000	21,765	1,765
Fines and Forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Earnings on Investments	-	-	-	-
Miscellaneous	<u>6,000</u>	<u>6,000</u>	<u>5,387</u>	<u>(613)</u>
Total Receipts	<u>26,000</u>	<u>26,000</u>	<u>27,152</u>	<u>1,152</u>
Disbursements				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health	91,500	91,500	84,458	7,042
Human Services	-	-	-	-
Conservation-Recreation	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Disbursements	<u>91,500</u>	<u>91,500</u>	<u>84,458</u>	<u>7,042</u>
Excess of Receipts Over (Under) Disbursements	<u>(65,500)</u>	<u>(65,500)</u>	<u>(57,306)</u>	<u>8,194</u>
Other Financing Sources (Uses)				
Transfers In	<u>65,000</u>	<u>65,000</u>	<u>55,000</u>	<u>(10,000)</u>
Total Other Financing Sources (Uses)	<u>65,000</u>	<u>65,000</u>	<u>55,000</u>	<u>(10,000)</u>
Net Change in Fund Balance	(500)	(500)	(2,306)	(1,806)
Unencumbered Cash Balance Beginning of Year	8,898	8,898	8,898	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash Balance End of Year	<u>\$ 8,398</u>	<u>\$ 8,398</u>	<u>\$ 6,592</u>	<u>\$ (1,806)</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, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 91,500	\$ 91,500	\$ 104,407	\$ 12,907
Charges for Services	21,000	21,000	21,700	700
Licenses, Permits and Fees	-	-	-	-
Fines and Forfeitures	-	-	-	-
Intergovernmental	11,500	11,500	7,189	(4,311)
Special Assessments	-	-	-	-
Earnings on Investments	-	-	-	-
Miscellaneous	-	-	-	-
Total Receipts	<u>124,000</u>	<u>124,000</u>	<u>133,296</u>	<u>9,296</u>
Disbursements				
Current:				
General Government	-	-	-	-
Public Safety	1,200	1,200	109	1,091
Public Works	-	-	-	-
Health	-	-	-	-
Human Services	-	-	-	-
Conservation-Recreation	-	-	-	-
Other	-	-	-	-
Capital Outlay	123,564	123,564	2,564	121,000
Debt Service:				
Principal Retirement	-	-	108,059	(108,059)
Interest and Fiscal Charges	-	-	12,941	(12,941)
Total Disbursements	<u>124,764</u>	<u>124,764</u>	<u>123,673</u>	<u>1,091</u>
Excess of Receipts Over (Under) Disbursements	<u>(764)</u>	<u>(764)</u>	<u>9,623</u>	<u>10,387</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(764)	(764)	9,623	10,387
Unencumbered Cash Balance Beginning of Year	11,527	11,527	11,527	-
Prior Year Encumbrances Appropriated	-	-	-	-
Unencumbered Cash Balance End of Year	<u>10,763</u>	<u>10,763</u>	<u>21,150</u>	<u>10,387</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, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 49,500	\$ 49,500	\$ 56,767	\$ 7,267
Charges for Services	18,000	18,000	16,533	(1,467)
Licenses, Permits and Fees	-	-	-	-
Fines and Forfeitures	-	-	-	-
Intergovernmental	8,584	8,584	12,098	3,514
Special Assessments	-	-	-	-
Earnings on Investments	-	-	-	-
Miscellaneous	-	-	1,686	1,686
Total Receipts	<u>76,084</u>	<u>76,084</u>	<u>87,084</u>	<u>11,000</u>
Disbursements				
Current:				
General Government	100	100	58	42
Public Safety	83,187	83,187	77,825	5,362
Public Works	-	-	-	-
Health	-	-	-	-
Human Services	-	-	-	-
Conservation-Recreation	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Disbursements	<u>83,287</u>	<u>83,287</u>	<u>77,883</u>	<u>5,404</u>
Excess of Receipts Over (Under) Disbursements	<u>(7,203)</u>	<u>(7,203)</u>	<u>9,201</u>	<u>16,404</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(7,203)	(7,203)	9,201	16,404
Unencumbered Cash Balance Beginning of Year	51,035	51,035	51,035	-
Prior Year Encumbrances Appropriated	-	-	-	-
Unencumbered Cash Balance End of Year	<u>43,832</u>	<u>43,832</u>	<u>60,236</u>	<u>16,404</u>

See accompanying notes to the financial statements.

LIBERTY TOWNSHIP, HARDIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED

This discussion and analysis of the Ohio Local Government's financial performance provides an overall review of the Government's financial activities for the year ended December 31, 2006, within the limitations of the Government's modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Government's financial performance.

Highlights

Key highlights for 2006 are as follows:

Net assets of governmental activities decreased \$56,338, or 17 percent, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2006; however, cost increases affected most funds.

The Government's general receipts are primarily property taxes. These receipts represent 57 percent of the total cash received for governmental activities during the year. Property tax receipts for 2006 changed very little compared to 2005 as development within the Government has stayed the same.

The Fire Department Fund received a grant of \$117,000 used for equipment. The Government purchased a truck for over \$25,000. The Government increased the repair of the roads by a significant amount over 2005 road work. The budget was almost doubled from \$84,500 in 2005 to \$163,450 in 2006.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Government has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under

LIBERTY TOWNSHIP, HARDIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED

the Government's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Government did financially during 2006, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Government at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Government's general receipts.

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

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

Governmental activities. All of The Government'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 The Government's Most Significant Funds

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

LIBERTY TOWNSHIP, HARDIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED

Governmental Funds - Most of the Government's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Government's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Government's programs. The Government's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Government's major governmental funds are the General Fund, Gasoline Tax Fund, Cemetery Fund, Special Fire Truck Fund, and the Fire 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 The Government. Fiduciary funds are not reflected on the Government-wide financial statements because the resources of these funds are not available to support the Government's programs.

The Government as a Whole

Table 1 provides a summary of The Government's net assets for 2006 compared to 2005 on a modified cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	\$102,804	\$334,090
Investments	174,948	
Total Assets	\$277,752	\$334,090
Net Assets		
Restricted for:		
Debt Service		
Capital Outlay		
Other Purposes	98,688	86,552
Unrestricted	179,064	247,538
Total Net Assets	\$277,752	\$334,090

As mentioned previously, net assets of governmental activities decreased \$56,338 or 17 percent during 2006. The primary reasons contributing to the decreases in cash balances are as follows:

LIBERTY TOWNSHIP, HARDIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED

- Increases in gasoline prices for equipment.
- The Government had several streets that were in very poor condition that needed extensive repairs costing in excess of \$60,000.
- In 2006, the Government purchased a truck for more than \$25,000

Table 2 reflects the changes in net assets on a modified cash basis in 2006 and 2005 for governmental activities and total primary government.

LIBERTY TOWNSHIP, HARDIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED

(Table 2)

Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$40,526	\$69,972
Operating Grants and Contributions	<u>272,012</u>	<u>119,982</u>
Total Program Receipts	<u>312,538</u>	<u>189,954</u>
General Receipts:		
Property and Other Local Taxes	219,091	220,305
Other Taxes	26,046	31,715
Grants and Entitlements Not Restricted to Specific Programs	0	69,233
Interest	13,543	8,398
Miscellaneous	<u>7,205</u>	<u>6,910</u>
Total General Receipts	<u>265,885</u>	<u>336,561</u>
Total Receipts	<u>578,423</u>	<u>526,515</u>
Disbursements:		
General Government	72,639	70,975
Public Safety	62,752	122,228
Transportation	147,033	97,184
Cemetery	86,101	99,846
Capital Outlay	145,410	273,507
Debt Service:		
Principal Retirement	115,009	-
Interest Charges	<u>5,991</u>	<u>-</u>
Total Disbursements	<u>634,935</u>	<u>663,740</u>
Excess (Deficiency) Before Transfers	(56,512)	(137,225)
Transfers		
Increase (Decrease) in Net Assets	<u>(56,512)</u>	<u>(137,225)</u>
Other Financing Sources	174	
Net Assets, January 1, 2006	<u>334,090</u>	
Net Assets, December 31, 2006	<u>\$277,752</u>	

Program receipts represent only 48 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

LIBERTY TOWNSHIP, HARDIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED

General receipts represent 52 percent of the Government's total receipts, and of this amount, over 73 percent are local taxes. State and federal grants and entitlements make up the balance of the Government's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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

The Government's Funds

Total governmental funds had receipts of \$578,423 and disbursements of \$634,935. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$68,474 as the result of increased costs for gasoline, road repairs and a truck purchase.

General Fund Budgeting Highlights

The Government'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 2006, the Government 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 \$83,000 while actual disbursements were \$75,090. The Government transferred funds to other funds to cover expenses in the Gasoline Fund and the Cemetery Fund. This was budgeted at \$70,000 while actual transfers were \$131,000. The result is the decrease in fund balance of \$68,474 for 2006.

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 the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the Government's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Kathryn J. Gulbis, Fiscal Officer, Liberty Township, P.O. Box 327, 110 E. Buckeye Ave.; Ada, OH 45810.

LIBERTY TOWNSHIP, HARDIN COUNTY
Statement of Net Assets - Modified Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Cash	\$ 102,804
Investments	<u>174,948</u>
Total Assets	<u>\$ 277,752</u>
Net Assets	
Restricted for:	
Capital Projects	-
Debt Service	-
Other Purposes	98,688
Unrestricted	<u>179,064</u>
Total Net Assets	<u>\$ 277,752</u>

See accompanying notes to the financial statements.

LIBERTY TOWNSHIP, HARDIN COUNTY
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2006

	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
Governmental Activities					
General Government	\$ 72,639	\$ -	\$ -	\$ (72,639)	\$ (72,639)
Public Safety	62,751	40,526	-	(22,225)	(22,225)
Public Works	147,032	-	94,605	(52,427)	(52,427)
Health	86,101	6,100	-	(80,001)	(80,001)
Human Services	-	-	-	-	-
Conservation-Recreation	-	-	-	-	-
Other	-	26,046	111,775	137,821	137,821
Capital Outlay	145,410	-	-	(145,410)	(145,410)
Debt Service:					
Principal	115,009	-	-	(115,009)	(115,009)
Interest	5,991	-	-	(5,991)	(5,991)
Total Governmental Activities	<u>634,933</u>	<u>72,672</u>	<u>206,380</u>	<u>(355,881)</u>	<u>(355,881)</u>
General Receipts					
Property Taxes				\$ 219,090	\$ 219,090
Other Taxes				31,819	31,819
Grants and Entitlements not Restricted to Specific Programs				33,813	33,813
Sale of Bonds				-	-
Sale of Notes				-	-
Other Debt Proceeds				-	-
Discounts, Premiums and Accrued Interest on Debt				-	-
Sale of Fixed Assets				-	-
Cable Franchise Fees				-	-
Earnings on Investments				13,543	13,543
Miscellaneous				1,278	1,278
Total General Receipts				<u>299,543</u>	<u>299,543</u>
Contributions to a Permanent Fund				-	-
Transfers				-	-
Advances				-	-
Total General Receipts, Transfers and Advances				<u>299,543</u>	<u>299,543</u>
Change in Net Assets				(56,338)	(56,338)
Net Assets Beginning of Year				<u>334,090</u>	<u>334,090</u>
Net Assets End of Year				<u>277,752</u>	<u>277,752</u>

See accompanying notes to the financial statements

LIBERTY TOWNSHIP, HARDIN COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	<u>GENERAL</u>	<u>GASOLINE TAX</u>	<u>CEMETERY</u>	<u>SPECIAL LEVY</u>
Assets				
Cash	\$ 40,210	\$ 16,307	\$ 8,898	\$ 11,527
Investments	138,856	-	-	-
Total Assets	<u>\$ 179,066</u>	<u>\$ 16,307</u>	<u>\$ 8,898</u>	<u>\$ 11,527</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	2,700	1,677	-	-
Reserved for Unclaimed Monies	-	-	-	-
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	176,366	-	-	-
Special Revenue Funds	-	14,630	8,898	11,527
Debt Service Fund	-	-	-	-
Capital Projects Funds	-	-	-	-
Permanent Fund	-	-	-	-
Total Fund Balances	<u>\$ 179,066</u>	<u>\$ 16,307</u>	<u>\$ 8,898</u>	<u>\$ 11,527</u>

See accompanying notes to the financial statements

LIBERTY TOWNSHIP, HARDIN COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006
(Continued)

	FIRE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash	\$ 15,401	\$ 10,461	\$ 102,804
Investments	<u>35,633</u>	<u>459</u>	<u>174,948</u>
Total Assets	<u><u>51,034</u></u>	<u><u>10,920</u></u>	<u><u>277,752</u></u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	-	-	4,377
Reserved for Unclaimed Monies	-	-	-
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	-	-	176,364
Special Revenue Funds	51,034	10,920	97,011
Debt Service Fund	-	-	-
Capital Projects Funds	-	-	-
Permanent Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u><u>\$ 51,034</u></u>	<u><u>\$ 10,920</u></u>	<u><u>\$ 277,752</u></u>

See accompanying notes to the financial statements

LIBERTY TOWNSHIP, HARDIN COUNTY
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	GENERAL	GASOLINE TAX	CEMETERY	SPECIAL LEVY	FIRE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts							
Property and Other Local Taxes	77,240	-	-	92,534	49,317	-	219,091
Charges for Services	-	-	-	21,700	18,826	-	40,526
Licenses, Permits and Fees	-	5,000	21,046	-	-	-	26,046
Fines and Forfeitures	-	-	-	-	-	-	-
Intergovernmental	45,198	85,545	-	11,850	120,359	9,060	272,012
Special Assessments	-	-	-	-	-	-	-
Earnings on Investments	12,306	845	-	-	-	392	13,543
Miscellaneous	-	26	6,100	-	783	296	7,205
Total Receipts	<u>134,744</u>	<u>91,416</u>	<u>27,146</u>	<u>126,084</u>	<u>189,285</u>	<u>9,748</u>	<u>578,423</u>
Disbursements							
Current:							
General Government	72,390	-	-	-	249	-	72,639
Public Safety	-	-	-	1,311	61,441	-	62,752
Public Works	-	137,488	-	-	-	9,545	147,033
Health	-	-	86,101	-	-	-	86,101
Human Services	-	-	-	-	-	-	-
Conservation-Recreation	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Capital Outlay	-	25,962	-	2,448	117,000	-	145,410
Debt Service:							
Principal Retirement	-	-	-	115,009	-	-	115,009
Interest and Fiscal Charges	-	-	-	5,991	-	-	5,991
Total Disbursements	<u>72,390</u>	<u>163,450</u>	<u>86,101</u>	<u>124,759</u>	<u>178,690</u>	<u>9,545</u>	<u>634,935</u>
Excess of Receipts Over (Under) Disbursements	<u>62,354</u>	<u>(72,034)</u>	<u>(58,955)</u>	<u>1,325</u>	<u>10,595</u>	<u>203</u>	<u>(56,512)</u>
Other Financing Sources (Uses)							
Transfers In	-	66,000	65,000	-	-	-	131,000
Transfers Out	(131,000)	-	-	-	-	-	(131,000)
Other Financing Sources	174	-	-	-	-	-	174
Total Other Financing Sources (Uses)	<u>(130,826)</u>	<u>66,000</u>	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174</u>
Net Change in Fund Balances	(68,472)	(6,034)	6,045	1,325	10,595	203	(56,338)
Fund Balances Beginning of Year	<u>247,538</u>	<u>22,341</u>	<u>2,853</u>	<u>10,202</u>	<u>40,439</u>	<u>10,717</u>	<u>334,090</u>
Fund Balances End of Year	<u>179,066</u>	<u>16,307</u>	<u>8,898</u>	<u>11,527</u>	<u>51,034</u>	<u>10,920</u>	<u>277,752</u>

See accompanying notes to the financial statements

LIBERTY TOWNSHIP, HARDIN COUNTY
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2006

	Private Purpose Trust
Assets	
Cash	\$ 4,077
Investments	7,996
Total Assets	12,073
 Net Assets	
Restricted for:	
Capital Projects	-
Debt Service	-
Other Purposes	12,073
Unrestricted	-
Total Net Assets	\$ 12,073

See accompanying notes to the financial statements.

LIBERTY TOWNSHIP, HARDIN COUNTY
Statement of Changes in Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2006

	Private Purpose Trust
Additions	
Contributions	\$ -
Interest	440
Total Additions	440
 Deductions	
Payments in Accordance with Trust Agreements	18
Other	-
Total Deductions	18
 Change in Net Assets	422
 Net Assets - Beginning of Year	11,651
 Net Assets - End of Year	\$ 12,073

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, 2006

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 78,905	\$ 78,905	\$ 77,240	\$ (1,665)
Charges for Services	-	-	-	-
Licenses, Permits and Fees	-	-	-	-
Fines and Forfeitures	-	-	-	-
Intergovernmental	35,609	35,609	45,198	9,589
Special Assessments	-	-	-	-
Earnings on Investments	6,285	6,285	12,306	6,021
Miscellaneous	-	-	-	-
Total Receipts	<u>\$ 120,799</u>	<u>\$ 120,799</u>	<u>\$ 134,744</u>	<u>\$ 13,945</u>
Disbursements				
Current:				
General Government	78,000	83,000	72,390	10,610
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health	-	-	-	-
Human Services	-	-	-	-
Conservation-Recreation	-	-	-	-
Other	-	-	-	-
Capital Outlay	5,000	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Disbursements	<u>83,000</u>	<u>83,000</u>	<u>72,390</u>	<u>10,610</u>
Excess of Receipts Over (Under) Disbursements	<u>37,799</u>	<u>37,799</u>	<u>62,354</u>	<u>24,555</u>
Other Financing Sources (Uses)				
Transfers Out	(70,000)	(131,000)	(131,000)	-
Other Financing Sources	<u>100</u>	<u>100</u>	<u>174</u>	<u>74</u>
Total Other Financing Sources (Uses)	<u>(69,900)</u>	<u>(130,900)</u>	<u>(130,826)</u>	<u>74</u>
Net Change in Fund Balance	(32,101)	(93,101)	(68,472)	24,629
Fund Balance Beginning of Year	247,538	247,538	247,538	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance End of Year	<u>\$ 215,437</u>	<u>\$ 154,437</u>	<u>\$ 176,366</u>	<u>\$ 21,929</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, 2006

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Licenses, Permits and Fees	5,000	5,000	5,000	-
Fines and Forfeitures	-	-	-	-
Intergovernmental	71,000	71,000	85,545	14,545
Special Assessments	-	-	-	-
Earnings on Investments	275	275	845	570
Miscellaneous	400	400	26	(374)
Total Receipts	<u>76,675</u>	<u>76,675</u>	<u>91,416</u>	<u>14,741</u>
Disbursements				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	91,000	142,500	137,488	5,012
Health	-	-	-	-
Human Services	-	-	-	-
Conservation-Recreation	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	26,000	25,962	38
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Disbursements	<u>91,000</u>	<u>168,500</u>	<u>163,450</u>	<u>5,050</u>
Excess of Receipts Over (Under) Disbursements	<u>(14,325)</u>	<u>(91,825)</u>	<u>(72,034)</u>	<u>19,791</u>
Other Financing Sources (Uses)				
Transfers In	<u>15,000</u>	<u>15,000</u>	<u>66,000</u>	<u>51,000</u>
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>66,000</u>	<u>51,000</u>
Net Change in Fund Balance	675	(76,825)	(6,034)	70,791
Fund Balance Beginning of Year	19,341	19,341	19,341	-
Prior Year Encumbrances Appropriated	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 23,016</u>	<u>\$ (54,484)</u>	<u>\$ 16,307</u>	<u>\$ 69,114</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, 2006

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Licenses, Permits and Fees	17,000	17,000	21,046	4,046
Fines and Forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Earnings on Investments	-	-	-	-
Miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>6,100</u>	<u>1,100</u>
Total Receipts	<u>22,000</u>	<u>22,000</u>	<u>27,146</u>	<u>5,146</u>
Disbursements				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health	79,750	87,250	86,101	1,149
Human Services	-	-	-	-
Conservation-Recreation	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Disbursements	<u>79,750</u>	<u>87,250</u>	<u>86,101</u>	<u>1,149</u>
Excess of Receipts Over (Under) Disbursements	<u>(57,750)</u>	<u>(65,250)</u>	<u>(58,955)</u>	<u>6,295</u>
Other Financing Sources (Uses)				
Transfers In	<u>55,000</u>	<u>55,000</u>	<u>65,000</u>	<u>10,000</u>
Total Other Financing Sources (Uses)	<u>55,000</u>	<u>55,000</u>	<u>65,000</u>	<u>10,000</u>
Net Change in Fund Balance	(2,750)	(10,250)	6,045	16,295
Fund Balance Beginning of Year	2,853	2,853	2,853	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance End of Year	<u>\$ 103</u>	<u>\$ (7,397)</u>	<u>\$ 8,898</u>	<u>\$ 16,295</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 District Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 90,000	\$ 90,000	\$ 92,534	\$ 2,534
Charges for Services	21,700	21,700	21,700	-
Licenses, Permits and Fees	-	-	-	-
Fines and Forfeitures	-	-	-	-
Intergovernmental	11,000	11,000	11,850	850
Special Assessments	-	-	-	-
Earnings on Investments	-	-	-	-
Miscellaneous	-	-	-	-
Total Receipts	<u>122,700</u>	<u>122,700</u>	<u>126,084</u>	<u>3,384</u>
Disbursements				
Current:				
General Government	-	-	-	-
Public Safety	300	1,311	1,311	-
Public Works	-	-	-	-
Health	-	-	-	-
Human Services	-	-	-	-
Conservation-Recreation	-	-	-	-
Other	-	-	-	-
Capital Outlay	123,500	123,489	2,448	121,041
Debt Service:				
Principal Retirement	-	-	115,009	(115,009)
Interest and Fiscal Charges	-	-	5,991	(5,991)
Total Disbursements	<u>123,800</u>	<u>124,800</u>	<u>124,759</u>	<u>41</u>
Excess of Receipts Over (Under) Disbursements	<u>(1,100)</u>	<u>(2,100)</u>	<u>1,325</u>	<u>3,425</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(1,100)	(2,100)	1,325	3,425
Fund Balance Beginning of Year	10,202	10,202	10,202	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance End of Year	<u>\$ 9,102</u>	<u>\$ 8,102</u>	<u>\$ 11,527</u>	<u>\$ 3,425</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, 2006

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 49,500	\$ 49,500	\$ 49,317	\$ (183)
Charges for Services	17,000	17,000	18,826	1,826
Licenses, Permits and Fees	-	-	-	-
Fines and Forfeitures	-	-	-	-
Intergovernmental	9,000	9,000	120,359	111,359
Special Assessments	-	-	-	-
Earnings on Investments	-	-	-	-
Miscellaneous	-	-	783	783
Total Receipts	<u>75,500</u>	<u>75,500</u>	<u>189,285</u>	<u>113,785</u>
Disbursements				
Current:				
General Government	600	306	249	57
Public Safety	62,000	73,395	61,441	11,954
Public Works	-	-	-	-
Health	-	-	-	-
Human Services	-	-	-	-
Conservation-Recreation	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	117,000	117,000	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Disbursements	<u>62,600</u>	<u>190,701</u>	<u>178,690</u>	<u>12,011</u>
Excess of Receipts Over (Under) Disbursements	<u>12,900</u>	<u>(115,201)</u>	<u>10,595</u>	<u>125,796</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	12,900	(115,200)	10,595	125,795
Fund Balance Beginning of Year	40,439	40,439	40,439	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance End of Year	<u>\$ 53,339</u>	<u>\$ (74,761)</u>	<u>\$ 51,034</u>	<u>\$ 125,795</u>

See accompanying notes to the financial statements

**LIBERTY TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

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 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 2006 and 2007.

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, 2007 and 2006**

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 a modified 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 modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, 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

**LIBERTY TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements (continued)

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.

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

**LIBERTY TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting

of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into three categories, governmental, proprietary and fiduciary.

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, and Special Levy Fire Truck Fund. 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, 2007 and 2006**

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.

**LIBERTY TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments (continued)

During 2006 and 2007, the Township invested in nonnegotiable certificates of deposit and STAROhio. The nonnegotiable certificates of deposit are reported at cost.

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, 2006 and 2007.

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 2006 and 2007 were \$12,306 and \$12,106 respectively, which does not include \$845 and \$620 respectively assigned to the Gasoline Tax Fund and \$392 and \$295 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. Restricted assets represent the Fire Fund, Cemetery Fund, Special Levy Fire Truck Fund, Gasoline Tax Fund, and Motor Vehicle License Tax Fund

H. Capital Assets

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

K. 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 11 and 12, the

**LIBERTY TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

Note 2 – Summary of Significant Accounting Policies (continued)

K. Employer Contributions to Cost-Sharing Pension Plans (continued)

employer contributions include portions for pension benefits and for postretirement health care benefits.

L. 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 an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. 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 purchase an aerial fire truck was established in 2005. The fund received \$126,084 and \$133,297 and spent \$124,759 and \$123,673 in 2006 and 2007 respectively.

N. 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.

**LIBERTY TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

Note 2 – Summary of Significant Accounting Policies (continued)

O. Interfund Transactions (continued)

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.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

In 2006 the Township implemented the modified cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Accountability and Compliance

A. Accountability

There are no deficit fund balances.

B. Compliance

There are no significant violations of finance-related legal or contractual provisions.

Note 5 – 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 fund, gasoline tax fund, cemetery fund, fire fund, and special levy fire fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). The encumbrances outstanding at year end 2006 (budgetary basis) amounted to \$2,700 for the General Fund and \$1,677 for the Gasoline Fund. There were no encumbrances outstanding at year end 2007. There were no outstanding advances at year end 2006 and 2007.

**LIBERTY TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

Note 6 – 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;
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;

**LIBERTY TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

Note 6 – Deposits and Investments (continued)

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 year end 2006 and 2007, \$11,096 and \$0 of the Township's bank balance of \$111,096 and \$90,087 respectively 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.

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.

As of December 31, 2006 and 2007, the Township had investments in StarOhio with carrying values of \$162,867 and \$199,984 respectively.

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.

**LIBERTY TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

Note 6 – Deposits and Investments (continued)

Investments (continued)

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 U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name. 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."

Note 7 – 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 2006 (2007) represent the collection of 2005 (2006) taxes. Real property taxes received in 2006 (2007) were levied after October 1, 2005 (2006), on the assessed values as of January 1, 2005 (2006), 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 2006 (2007) represent the collection of 2005 (2006) taxes. Public utility real and tangible personal property taxes received in 2006 (2007) became a lien on December 31, 2005 (2006), were levied after October 1, 2005 (2006), 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.

**LIBERTY TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

Note 7 – Property Taxes (continued)

Tangible personal property tax receipts received in 2006 (2007) (other than public utility property) represent the collection of 2006 (2007) taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005 (2006), on the true value as of December 31, 2005 (2006). 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 year ended December 31, 2006 (2007), was \$3.80 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 (2007) property tax receipts were based are as follows:

Real Property	2007
Residential	\$52,659,300
Agricultural	7,463,950
Commercial/Industrial/Mineral	9,710,250
Tangible Personal Property	2,096,640
Business	
Public Utility	3,221,270
Total Assessed Value	\$75,151,410

Real Property	2006
Residential	\$51,826,460
Agricultural	7,668,720
Commercial/Industrial/Mineral	9,506,000
Tangible Personal Property	2,835,479
Business	
Public Utility	3,218,220
Total Assessed Value	\$75,054,879

**LIBERTY TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

Note 8 – 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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$25,000, up to \$1.75 million per claim and \$10 million in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$250,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2.65 million for each claim and \$10 million in the aggregate per year. Townships can elect additional coverage up to \$10 million with the General Reinsurance Corporation, through contacts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$56 million per year, subject to a per-claim limit of \$2 million (for claims prior to January 1, 2006) or \$3 million (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

**LIBERTY TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

Note 8 – Risk Management (continued)

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

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) are in conformity with generally accepted accounting principals, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005 (the latest information available).

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	(11,443,952)	(12,344,576)
Retained Earnings	\$20,587,360	\$18,141,062
<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	(676,709)	(1,406,031)
Retained Earnings	\$9,344,254	\$7,771,765

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member townships in the future, as of December 31, 2006 and 2005, 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 \$27,000. This payable included the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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:

**LIBERTY TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

Note 8 – Risk Management (continued)

<u>Year</u>	<u>Contribution</u>
2007	\$13,701
2006	17,042
2005	14,010

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 9 – Defined Benefit Pension Plan

A. 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.

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

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

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. The Township’s contribution rate

**LIBERTY TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

Note 9 – Defined Benefit Pension Plan (continued)

A. Ohio Public Employees Retirement System (continued)

for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.54 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, 2007, 2006, and 2005 were \$11,617, \$13,692, and \$12,672 respectively. The full amount has been contributed for 2007, 2006, and 2005.

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

**LIBERTY TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

Note 10 - Postemployment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 11 - Debt

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance December 31, 2006	Proceeds	Payments	Balance December 31, 2007	Due Within One Year
Fire Truck Special Levy Loan	3.7%	\$214,000	\$ -	\$121,000	\$93,000	\$93,000

The Township's long-term debt activity for the year ended December 31, 2006, was as follows:

	Interest Rate	Balance December 31, 2005	Proceeds	Payments	Balance December 31, 2006	Due Within One Year
Fire Truck Special Levy Loan	3.7%	335,000	\$ -	121,000	214,000	121,000

Note 12 - Interfund Transfers

During 2007 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Fund	\$80,000
Other Governmental Funds	<u>\$ 0</u>
Total Transfers from the General Fund	<u>\$80,000</u>

**LIBERTY TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

Note 12 – Interfund Transfers (continued)

During 2006 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Fund	\$131,000
Other Governmental Funds	<u>\$ 0</u>
Total Transfers from the General Fund	<u>\$131,000</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 are used to fund Gasoline Tax Fund and Cemetery Fund expenses.

Note 13 – Contingent Liabilities

The Township is not a defendant in any lawsuit.

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.

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.

**LIBERTY TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

Note 14 – Jointly Governed Organizations

Hardin County Regional Planning Commission (continued)

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

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TaylorApplegateHughes
AND ASSOCIATES, LTD

CERTIFIED PUBLIC
ACCOUNTANTS +
BUSINESS ADVISORS

**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, 2007, and December 31, 2006, and have issued our report thereon dated July 22, 2008, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Keith O. Applegate, CPA

Kathleen M. Hughes, CPA

Richard R. Taylor, CPA
(1931-1998)

Julie L. Griffin, CPA

Kristi L. Leeth, CPA

Valerie Friley Walker, CPA

Sara M. Bratka, CPA

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses.

We noted certain matters that we reported to the Township's management in a separate letter dated July 22, 2008.

Compliance

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 effect 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 no disclosed instances of noncompliance or other matters that we must report under *Governmental Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Township's management in separate letter dated July 22, 2008.

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.
July 22, 2008



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
NOVEMBER 6, 2008**