



**Auditor of State
Betty Montgomery**

**LIBERTY TOWNSHIP
WASHINGTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	4
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Liberty Township
Washington County
Route 1, Box 342
Whipple, Ohio 45788

To the Board of Trustees:

We have audited the accompanying financial statements of the Liberty Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Liberty Township, Washington County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2005, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Liberty Township
Washington County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be, and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

January 3, 2005

**LIBERTY TOWNSHIP
WASHINGTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$9,235	\$6,935	\$16,170
Intergovernmental	35,040	160,812	195,852
Earnings on Investments	42	41	83
Other Revenue	50	25,375	25,425
	<u>44,367</u>	<u>193,163</u>	<u>237,530</u>
Cash Disbursements:			
Current:			
General Government	33,275	1,080	34,355
Public Safety	9,300	0	9,300
Public Works	2,590	132,704	135,294
Capital Outlay	0	47,982	47,982
	<u>45,165</u>	<u>181,766</u>	<u>226,931</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(798)</u>	<u>11,397</u>	<u>10,599</u>
Other Financing Receipts/(Disbursements):			
Other Financing Sources	<u>1,743</u>	<u>5,177</u>	<u>6,920</u>
Total Other Financing Receipts/(Disbursements)	<u>1,743</u>	<u>5,177</u>	<u>6,920</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	945	16,574	17,519
Fund Cash Balances, January 1	<u>175</u>	<u>1,816</u>	<u>1,991</u>
Fund Cash Balances, December 31	<u>\$1,120</u>	<u>\$18,390</u>	<u>\$19,510</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**LIBERTY TOWNSHIP
WASHINGTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$7,853	\$6,358	\$14,211
Intergovernmental	34,703	105,283	139,986
Earnings on Investments	36	48	84
Other Revenue	976	266	1,242
	<u>43,568</u>	<u>111,955</u>	<u>155,523</u>
Cash Disbursements:			
Current:			
General Government	38,497	1,197	39,694
Public Safety	1,825	0	1,825
Public Works	3,252	105,737	108,989
Health	615	0	615
Debt Service:			
Redemption of Principal		6,928	6,928
Interest and Other Fiscal Charges		450	450
	<u>44,189</u>	<u>114,312</u>	<u>158,501</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(621)</u>	<u>(2,357)</u>	<u>(2,978)</u>
Fund Cash Balances, January 1	<u>796</u>	<u>4,173</u>	<u>4,969</u>
Fund Cash Balances, December 31	<u>\$175</u>	<u>\$1,816</u>	<u>\$1,991</u>
Reserve for Encumbrances, December 31	<u>\$1,825</u>	<u>\$0</u>	<u>\$1,825</u>

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

**LIBERTY TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Liberty Township, Washington County (the Township), is a body corporate and politic established 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 and a publicly-elected Clerk. The Township provides road and bridge maintenance (public works), cemetery maintenance (health), and fire protection (public safety). The Township contracts with the Salem Township and the Little Muskingum Volunteer Fire Department to provide fire and emergency services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

**LIBERTY TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Permissive Sales Tax Fund- This fund receives funds from Washington County through the one-half percent county sales tax to construct, repair, and maintain Township roads and bridges.

D. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2003 and 2002 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**LIBERTY TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. EQUITY IN POOLED CASH

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

	2003	2002
Demand deposits	\$19,510	\$1,991

Deposits are insured by the Federal Deposit Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$49,825	\$46,110	(\$3,715)
Special Revenue	158,335	198,340	40,005
Total	\$208,160	\$244,450	\$36,290

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$50,000	\$45,165	\$4,835
Special Revenue	177,981	181,766	(3,785)
Total	\$227,981	\$226,931	\$1,050

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$49,702	\$43,568	(\$6,134)
Special Revenue	140,761	111,955	(28,806)
Total	\$190,463	\$155,523	(\$34,940)

**LIBERTY TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$50,498	\$46,014	\$4,484
Special Revenue	159,482	114,312	45,170
Total	\$209,980	\$160,326	\$49,654

4. PROPERTY TAX

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

The Township's demand notes for the purchase of a new tractor and blade equipment to be used for Township road maintenance were retired in December 2002.

6. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

**LIBERTY TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RISK MANAGEMENT

Risk Pool Membership

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 governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

Financial Position

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

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	<u>(11,791,300)</u>	<u>(9,197,512)</u>
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>

LIBERTY TOWNSHIP
WASHINGTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

7. RISK MANAGEMENT (Continued)

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$6,791,060	\$6,596,996
Liabilities	<u>(750,956)</u>	<u>(1,204,326)</u>
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>

The Township also provides health insurance coverage to elected officials and employees of the Township.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Liberty Township
Washington County
Route 1, Box 342
Whipple, Ohio 45788

We have audited the financial statements of Liberty Township, Washington County, Ohio (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated January 3, 2005, wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2003-001, 2003-002 and 2003-003. We also noted certain immaterial instances of noncompliance that we have reported to the Township's management in a separate letter dated January 3, 2005.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the Township's management in a separate letter dated January 3, 2005.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

Liberty Township
Washington County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management and the Board of Trustees and is not intended to be, and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

January 3, 2005

**LIBERTY TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Finding for Recovery

Ohio Const., Article XV, Section 4 states no person shall be elected or appointed to any office in this state unless possessed of the qualifications of an elector. As defined by Ohio Rev. Code Section 3501.01(N), "elector" or "qualified elector" means a person having the qualifications provided by law to be entitled to vote. Ohio Rev. Code Section 3503.01 states, in part, that every citizen of the United States who is of the age of eighteen years or over and who has been a resident of the state thirty days immediately preceding the election at which the citizen offers to vote, is a resident of the county and precinct in which the citizen offers to vote, and has been registered to vote for thirty days, has the qualifications of an elector and may vote at all elections in the precinct in which the citizen resides. Ohio Rev. Code Section 3501.01(P) defines "voting residence" as that place of residence of an elector which shall determine the precinct in which the elector may vote. Ohio Rev. Code Section 3503.02 provides rules for determining residence. Ohio Rev. Code Section 3503.02(A) states that place shall be considered the residence of a person in which the person's habitation is fixed and to which, whenever the person is absent, the person has the intention of returning. Ohio Rev. Code Section 3503.02(D) states that the place where the family of a married man or woman resides shall be considered to be his or her place of residence; except that when the husband and wife have separated and live apart, the place where he or she resides the length of time required to entitle a person to vote shall be considered to be his or her place of residence.

Correspondence dated August 1, 2002 from Secretary of State Kenneth Blackwell to the Washington County Board of Elections, states that Trustee Dale G. Lauer's residency was brought into question during a special meeting of the Washington County Board of Elections on February 12, 2002. The Secretary of State's office was called upon to break a tie as to Mr. Lauer's voting residence. The Secretary of State concluded, "If questioned, an elector's residence for voting purposes must be determined by applying the relevant law to the facts of each case, together with supporting evidence. This particular case is a difficult one because the elector may have two residences. However, in applying the rules set forth in R.C. 3503.02(A) and (D), the weight of the evidence indicates...Dale Lauer resides for voting purposes with his family at the Marietta address [outside of Liberty Township boundaries]... [I]t appears that the Muskingum Drive [Marietta] address is his home base, and therefore is the residence that satisfied the requirements of the rules set forth in both divisions (A) and (D) of R.C. 3503.02."

Trustee Lauer was elected for the term commencing January 1, 2000 and ending December 31, 2003. He resigned September 20, 2002, after a formal investigation (mentioned above), determined that he did not have residence within Liberty Township. From the period January 1, 2000 through September 20, 2002, Dale Lauer was compensated \$18,491 in salary and for the same time period received \$26,959 in fringe benefits for a cumulative total of \$45,450. Based upon the opinion of the Secretary of State, Washington County Prosecuting Attorney Michael G. Spahr, Liberty Township's legal counsel, informed the Township in a letter dated July 16, 2004 that Trustee Lauer was not due compensation from the Township for the period of January 1, 2000 through the date of his resignation as Township Trustee on September 20, 2002. Further, the Prosecuting Attorney stated that "Liberty Township should attempt to recover... the amounts of compensation paid both in salary and fringe benefits."

A finding for recovery is hereby issued pursuant to Ohio Rev. Code Section 117.28 for public money illegally expended against Dale G. Lauer and his surety company, Ohio Township Association Risk Management Authority, jointly and severally, in the amount of \$45,450 and in favor of the following Liberty Township funds in the following amounts: the General Fund in the amount of \$15,500; the Motor Vehicle License Tax Fund in the amount of \$13,852; and to the Gasoline Tax Fund in the amount of \$16,098.

**LIBERTY TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2003-002

Finding for Recovery

Ohio Const., Article XV, Section 4 states no person shall be elected or appointed to any office in this state unless possessed of the qualifications of an elector. As defined by Ohio Rev. Code Section 3501.01(N), "elector" or "qualified elector" means a person having the qualifications provided by law to be entitled to vote. Ohio Rev. Code Section 3503.01 states, in part, that every citizen of the United States who is of the age of eighteen years or over and who has been a resident of the state thirty days immediately preceding the election at which the citizen offers to vote, is a resident of the county and precinct in which the citizen offers to vote, and has been registered to vote for thirty days, has the qualifications of an elector and may vote at all elections in the precinct in which the citizen resides.

Rodney Wells was appointed on March 25, 2003 to fill the unexpired term of Gary Hendershot, who died March 13, 2003. In May 2003, it was determined by the Washington County Board of Elections that Mr. Wells was not a registered voter of Liberty Township, Washington County. Therefore, Mr. Wells resigned effective May 20, 2003, registered to vote, and was re-appointed as of May 23, 2003. Washington County Prosecuting Attorney Michael G. Spahr, informed the Township in a letter dated July 16, 2004, that Trustee Wells was not due compensation from the Township for the period March 25, 2003 through May 20, 2003. Further, the Prosecuting Attorney stated Liberty Township is due "the amount of compensation paid both in salary and fringe benefits." [for that period of time]

From the period March 25, 2003 through May 20, 2003, Rodney Wells was compensated \$664 in salary and for the same time period was compensated \$1,424 in fringe benefits for a cumulative total of \$2,088. Mr. Wells has repaid \$1,700 of this amount through payroll deductions during 2003.

A finding for recovery is hereby issued pursuant to Ohio Rev. Code Section 117.28 for public money illegally expended against Rodney Wells and his surety company, Ohio Township Association Risk Management Authority, jointly and severally, in the amount of \$388 and in favor of Liberty Township Gasoline Tax Fund.

FINDING NUMBER 2003-003

Noncompliance Citation

Ohio Rev. Code Section 505.24, states that the Township trustees shall be paid from the General Fund or from such other Township funds in such proportions as the Board may specify by Resolution. The salary resolution must allocate the salary distribution from various funds in the same proportion as the Trustees' service bears to the activities supported by such funds, as determined by the Board.

The Township paid the Trustees from General (34%), Motor Vehicle License Tax (34%) and Gasoline Tax (32%) Funds in 2002 and General (34%), Motor Vehicle License Tax (32%) and Gasoline Tax (34%) Funds in 2003, but no resolution was adopted stating the funds from which the Trustees salaries were to be paid.

We recommend the Township pass an annual appropriation resolution stating the funds and percentages of funds that the Trustees salaries are to be paid from. We also recommend the Township Clerk pay all fringe benefits from those funds from which the respective officials and employees are paid and in that proportion to those payments. The Township passed a retroactive Resolution on January 10, 2005.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

LIBERTY TOWNSHIP

WASHINGTON 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
FEBRUARY 10, 2005**