



**VILLAGE OF LIBERTY CENTER
HENRY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2008



Mary Taylor, CPA
Auditor of State

VILLAGE OF LIBERTY CENTER
HENRY COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Liberty Center
Henry County
P.O. Box 92
Liberty Center, Ohio 43532-0092

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Mary Taylor, CPA
Auditor of State

June 10, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Liberty Center
Henry County
P.O. Box 92
Liberty Center, Ohio 43532-0092

To the Village Council:

We have audited the accompanying financial statements of the Village of Liberty Center, Henry County, (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village'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. The Village processes its financial transactions with 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 Village 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, 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 the Village of Liberty Center, Henry County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 2 to the Financial Statements, during 2007, the Village changed its financial statement presentation method to conform to presentation methods, the Auditor of State prescribes or permits.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2009, on our consideration of the Village'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.



Mary Taylor, CPA
Auditor of State

June 10, 2009

**VILLAGE OF LIBERTY CENTER
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$30,248			\$30,248
Municipal Income Tax	137,671		\$34,418	172,089
Intergovernmental	50,328	\$54,445	26,064	130,837
Charges for Services	12,734			12,734
Fines, Licenses and Permits	4,353			4,353
Earnings on Investments	15,167	1,364		16,531
Miscellaneous	6,819	1,497	130	8,446
Total Cash Receipts	<u>257,320</u>	<u>57,306</u>	<u>60,612</u>	<u>375,238</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	49,313			49,313
Public Health Services	7,574			7,574
Leisure Time Activities	18,505			18,505
Community Environment	8,606			8,606
Basic Utility Service	23,772			23,772
Transportation	15,454	58,391		73,845
General Government	106,203	13,291	2,213	121,707
Debt Service:				
Redemption of Principal			5,027	5,027
Capital Outlay	88,542	5,000	58,929	152,471
Total Cash Disbursements	<u>317,969</u>	<u>76,682</u>	<u>66,169</u>	<u>460,820</u>
Total Cash Disbursements Over Cash Receipts	<u>(60,649)</u>	<u>(19,376)</u>	<u>(5,557)</u>	<u>(85,582)</u>
Other Financing Receipts / (Disbursements):				
Transfers-In		3,326		3,326
Transfers-Out	(7,788)			(7,788)
Other Financing Sources	27			27
Total Other Financing Receipts / (Disbursements)	<u>(7,761)</u>	<u>3,326</u>		<u>(4,435)</u>
Excess of Cash Disbursements and Other Financing Disbursements over Cash Receipts and Other Financing Receipts	(68,410)	(16,050)	(5,557)	(90,017)
Fund Cash Balances, January 1	<u>241,755</u>	<u>48,711</u>	<u>117,156</u>	<u>407,622</u>
Fund Cash Balances, December 31	<u>173,345</u>	<u>32,661</u>	<u>111,599</u>	<u>317,605</u>
Reserve for Encumbrances, December 31	<u>\$21,703</u>	<u>\$1,581</u>	<u>\$1,329</u>	<u>\$24,613</u>

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

**VILLAGE OF LIBERTY CENTER
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$529,514
Miscellaneous	2,144
Total Operating Cash Receipts	531,658
Operating Cash Disbursements:	
Personal Services	127,045
Employee Fringe Benefits	48,404
Contractual Services	36,456
Supplies and Materials	73,198
Other	151,628
Total Operating Cash Disbursements	436,731
Operating Income	94,927
Non-Operating Cash Receipts:	
Special Assessments	3,009
Earnings on Investments	1,541
Other Non-Operating Cash Receipts	1,108
Total Non-Operating Cash Receipts	5,658
Non-Operating Cash Disbursements:	
Capital Outlay	26,728
Redemption of Principal	18,000
Interest and Other Fiscal Charges	14,800
Total Non-Operating Cash Disbursements	59,528
Excess of Receipts Over Disbursements Before Interfund Transfers	41,057
Transfers-In	4,462
Net Receipts Over Disbursements	45,519
Fund Cash Balances, January 1	556,575
Fund Cash Balances, December 31	602,094
Reserve for Encumbrances, December 31	\$19,727

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

**VILLAGE OF LIBERTY CENTER
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$32,080			\$32,080
Municipal Income Tax	132,659		\$33,165	165,824
Intergovernmental	51,673	\$104,136		155,809
Charges for Services	14,835	256		15,091
Fines, Licenses and Permits	4,509			4,509
Earnings on Investments	28,944	1,655		30,599
Miscellaneous	6,193	228	624	7,045
Total Cash Receipts	<u>270,893</u>	<u>106,275</u>	<u>33,789</u>	<u>410,957</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	52,212			52,212
Public Health Services	8,374			8,374
Leisure Time Activities	14,248			14,248
Community Environment	5,413			5,413
Basic Utility Service	18,671			18,671
Transportation	8,501	68,752		77,253
General Government	115,732	20,000	2,391	138,123
Debt Service:				
Redemption of Principal			5,028	5,028
Capital Outlay	16,301	13,000	14,060	43,361
Total Cash Disbursements	<u>239,452</u>	<u>101,752</u>	<u>21,479</u>	<u>362,683</u>
Total Cash Receipts Over Cash Disbursements	<u>31,441</u>	<u>4,523</u>	<u>12,310</u>	<u>48,274</u>
Other Financing Receipts / (Disbursements):				
Transfers-In		3,314		3,314
Transfers-Out	(11,622)			(11,622)
Total Other Financing Receipts / (Disbursements)	<u>(11,622)</u>	<u>3,314</u>		<u>(8,308)</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	19,819	7,837	12,310	39,966
Fund Cash Balances, January 1	<u>221,936</u>	<u>40,874</u>	<u>104,846</u>	<u>367,656</u>
Fund Cash Balances, December 31	<u>241,755</u>	<u>48,711</u>	<u>117,156</u>	<u>407,622</u>
Reserve for Encumbrances, December 31	<u>\$19,765</u>	<u>\$1,810</u>	<u>\$0</u>	<u>\$21,575</u>

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

**VILLAGE OF LIBERTY CENTER
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$514,331
Miscellaneous	1,983
Total Operating Cash Receipts	516,314
Operating Cash Disbursements:	
Personal Services	133,615
Employee Fringe Benefits	55,467
Contractual Services	35,002
Supplies and Materials	101,344
Other	138,330
Total Operating Cash Disbursements	463,758
Operating Income	52,556
Non-Operating Cash Receipts:	
Special Assessments	3,062
Earnings on Investments	2,903
Sale of Fixed Assets	654
Total Non-Operating Cash Receipts	6,619
Non-Operating Cash Disbursements:	
Capital Outlay	38,906
Redemption of Principal	15,000
Interest and Other Fiscal Charges	15,600
Total Non-Operating Cash Disbursements	69,506
Excess of Disbursements Over Receipts Before Interfund Transfers	(10,331)
Transfers-In	8,308
Net Disbursements Over Receipts	(2,023)
Fund Cash Balances, January 1	558,598
Fund Cash Balances, December 31	\$556,575
Reserve for Encumbrances, December 31	\$33,049

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

**VILLAGE OF LIBERTY CENTER
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Liberty Center, Henry County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and maintenance of roads and sidewalks. The Village contracts with the Henry County Sheriff's department to provide security of persons and property.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF LIBERTY CENTER
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Capital Improvements Fund – This fund receives income tax proceeds. The fund is being used for any permanent improvements that are made to any properties and roads with a life span of over five years.

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Operating Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Operating Fund - This fund receives charges for services from residents to cover sewer service costs.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. The Village Council 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 Village 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 2008 and 2007 budgetary activity appears in Note 4.

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**VILLAGE OF LIBERTY CENTER
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

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

2. CHANGE IN FINANCIAL STATEMENT PRESENTATION

In 2006, the Village reported the financial statements on the cash basis of accounting comparable to the requirements of Governmental Accounting Standard No. 34. For 2007, the Village reported on a regulatory basis. The Village no longer presents entity wide financial statements. The fund financial statements now present a column for each fund type, rather than a separate column for each major fund with non-major funds aggregated and presented in a single column.

3. EQUITY IN POOLED DEPOSITS

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

	2008	2007
Demand deposits	\$252,535	\$297,257
Certificates of deposit	651,000	651,000
Other time deposits (savings and NOW accounts)	16,164	15,940
Total deposits	\$919,699	\$964,197

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

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$258,000	\$257,347	(\$ 653)
Special Revenue	61,364	60,632	(732)
Capital Projects	62,500	60,612	(1,888)
Enterprise	582,825	541,778	(41,047)
Total	\$964,689	\$920,369	(\$44,320)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 418,465	\$ 347,460	\$ 71,005
Special Revenue	104,101	78,263	25,838
Capital Projects	76,000	67,498	8,502
Enterprise	891,149	515,986	375,163
Total	\$1,489,715	\$1,009,207	\$480,508

**VILLAGE OF LIBERTY CENTER
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 276,850	\$270,893	(\$ 5,957)
Special Revenue	113,900	109,589	(4,311)
Capital Projects	39,000	33,789	(5,211)
Enterprise	589,100	531,241	(57,859)
Total	\$1,018,850	\$945,512	(\$73,338)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 323,996	\$270,839	\$ 53,157
Special Revenue	123,811	103,562	20,249
Capital Projects	39,000	21,479	17,521
Enterprise	981,962	566,313	415,649
Total	\$1,468,769	\$962,193	\$506,576

5. PROPERTY TAX

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

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 Village.

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

7. DEBT

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
Mortgage Revenue Obligation Bonds	\$279,000	5%
Ohio Public Works Commission Loans	67,307	
Total	\$346,307	

**VILLAGE OF LIBERTY CENTER
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. DEBT (Continued)

The Ohio Public Works Commission (OPWC) Loan for Phase I of Maple Street was issued in fiscal year 2001 and relates to the Maple Street improvements, in the amount of \$81,053 at a zero percent interest rate. The loan will be paid in semiannual payments over 20 years.

The Ohio Public Works Commission (OPWC) Loan for Phase II of Maple Street was issued in fiscal year 2003 and relates to the West Maple Street improvements, in the amount of \$19,497 at a zero percent interest rate. The loan will be paid in semiannual payments over 20 years.

The Waterworks System First Mortgage Revenue Bonds were issued in 1985 and relate to a waterline project, in the amount of \$525,000 at 5% interest. The bonds will be paid in installments over 37 years.

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year ending December 31:</u>	<u>OPWC Loan</u>	<u>Mortgage Revenue Bonds</u>
2009	\$ 5,028	\$ 31,950
2010	5,028	31,050
2011	5,028	31,150
2012	5,028	31,200
2013	5,028	31,200
2014-2018	30,165	157,950
2019-2023	12,002	63,450
Total	<u>\$67,307</u>	<u>\$377,950</u>

8. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

9. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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Mary Taylor, CPA

Auditor of State

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

Village of Liberty Center
Henry County
P.O. Box 92
Liberty Center, Ohio 43532-0092

To the Village Council:

We have audited the financial statements of the Village of Liberty Center, Henry County, (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 10, 2009, wherein we noted the Village began preparing its financial statements using accounting practices the Auditor of State prescribes. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. 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 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 Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village'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 Village'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 Village'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 resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

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 did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the Village's management in a separate letter dated June 10, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance matters that we reported to the Village's management in a separate letter dated June 10, 2009.

We intend this report solely for the information and use of the audit committee, management, and Village Council. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 10, 2009

**VILLAGE OF LIBERTY CENTER
HENRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 & 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2006-001	ORC § 5705.41(D)(1) Expenditures not properly certified	No	Partially corrected. Repeated as a management letter citation.
2006-002	Significant deficiency – Income tax controls procedures	No	Partially corrected. Repeated as a management letter recommendation.
2006-003	Material Weakness – Monitoring Village Financial Activity	Yes	



Mary Taylor, CPA
Auditor of State

VILLAGE OF LIBERTY CENTER

HENRY 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
JULY 7, 2009**