

***LIBERTY TOWNSHIP
BUTLER COUNTY***

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2020



OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Liberty Township
5021 Winners Circle Dr
Liberty Township, OH 45011

We have reviewed the *Independent Auditor's Report* of Liberty Township, Butler County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2020 through December 31, 2020. 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.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 20, 2021

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**LIBERTY TOWNSHIP
BUTLER COUNTY**

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**LIBERTY TOWNSHIP
BUTLER COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Liberty Township
Butler County
5021 Winners Circle
Liberty Township, OH 45011

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Liberty Township, Butler County, Ohio (the Township), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty Township, Butler County, Ohio, as of December 31, 2020, and the respective changes in modified cash basis financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the accounting basis described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the modified cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Township's basic financial statements.

The budgetary comparison information for the General, Fire and EMS, and Police funds, as listed in the table of contents, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them. The Schedule of Expenditures of Federal Awards (schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2021, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.

June 17, 2021

Liberty Township
Butler County, Ohio
Statement of Net Position - Modified Cash Basis
December 31, 2020

	Governmental Activities
Assets	
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 45,835,493
<i>Total Assets</i>	<i>\$ 45,835,493</i>
 Net Position	
Restricted for:	
Capital Projects	\$ 6,262,769
Debt Service	2,644,831
Public Safety	14,038,782
Public Works	1,203,219
Cemetery	206,649
Recreation Programs	40,853
Self - insurance	1,409,669
Unrestricted	20,028,721
<i>Total Net Position</i>	<i>\$ 45,835,493</i>

See accompanying notes to the basic financial statements

Liberty Township
Butler County, Ohio
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2020

	Program Cash Receipts			Net (Disbursements Receipts and Changes in Net Position)	
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	
Governmental Activities					
Current:					
General Government	\$ 4,184,427	\$ 623,391	\$ -	\$ -	\$ (3,561,036)
Public Safety	9,682,352	424,231	4,460,485	-	(4,797,636)
Public Works	1,659,370	618,092	149,552	985,899	94,173
Health	35,487	65,301	-	-	29,814
Conservation-Recreation	320,002	6,429	-	-	(313,573)
Payment to Schools	5,031,547	-	217,370	-	(4,814,177)
Capital Outlay	8,581,735	-	-	19,750	(8,561,985)
Debt Service:					
Principal Retirement	5,355,000	-	-	-	(5,355,000)
Interest and Fiscal Charges	822,850	-	-	-	(822,850)
Debt Issuance Costs	188,311	-	-	-	(188,311)
<i>Total Governmental Activities</i>	<u>\$ 35,861,081</u>	<u>\$ 1,737,444</u>	<u>\$ 4,827,407</u>	<u>\$ 1,005,649</u>	<u>(28,290,581)</u>
General Receipts:					
Property Taxes Levied for:					
					573,077
					10,283,847
					960,039
					142,284
Other Taxes					
					142,284
Grants and Entitlements not Restricted to					
					2,770,196
					2,770,196
					8,450,006
					2,891
					2,891
					311,819
					311,819
					10,670,000
					10,670,000
					637,733
					637,733
					195,087
					195,087
					<u>34,996,979</u>
					<u>34,996,979</u>
					6,706,398
					6,706,398
					<u>39,129,095</u>
					<u>39,129,095</u>
					<u>\$ 45,835,493</u>
					<u>\$ 45,835,493</u>

See accompanying notes to the basic financial statements

Liberty Township
Butler County, Ohio
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2020

	General Fund	Fire and EMS Fund	Police Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 13,115,696	\$ 10,659,661	\$ 3,300,112	\$ 6,441,356	\$ 10,908,999	\$ 44,425,824
<i>Total Assets</i>	<u>\$ 13,115,696</u>	<u>\$ 10,659,661</u>	<u>\$ 3,300,112</u>	<u>\$ 6,441,356</u>	<u>\$ 10,908,999</u>	<u>\$ 44,425,824</u>
Fund Balances						
Restricted	\$ -	\$ 10,659,661	\$ 3,300,112	\$ -	\$ 10,437,330	\$ 24,397,103
Committed	-	-	-	-	471,669	471,669
Assigned	391,706	-	-	6,441,356	-	6,833,062
Unassigned	12,723,990	-	-	-	-	12,723,990
<i>Total Fund Balances</i>	<u>\$ 13,115,696</u>	<u>\$ 10,659,661</u>	<u>\$ 3,300,112</u>	<u>\$ 6,441,356</u>	<u>\$ 10,908,999</u>	<u>\$ 44,425,824</u>

See accompanying notes to the basic financial statements

Liberty Township

Butler County, Ohio

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities - Modified Cash Basis
December 31, 2020

Total Governmental Fund Balances \$ 44,425,824

Amounts reported for governmental activities in the statement of net position are different because:

The internal service fund is used by management to charge insurance costs to individual funds. The assets of the internal service fund are included in governmental activities in the statement of net position.

1,409,669

Net Position of Governmental Activities

\$ 45,835,493

See accompanying notes to the basic financial statements

Liberty Township
Butler County, Ohio
Statement of Receipts, Disbursements and Changes Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2020

	General Fund	Fire and EMS Fund	Police Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 715,361	\$ 7,879,229	\$ 2,404,618	\$ -	\$ 960,039	\$ 11,959,247
Charges for Services	6,429	385,694	-	-	42,100	434,223
Licenses, Permits, and Fees	611,471	35,706	2,831	-	30,577	680,585
Fines and Forfeitures	8,894	-	-	-	-	8,894
Intergovernmental	2,789,946	1,439,134	352,413	-	3,770,979	8,352,472
Payments in Lieu of Taxes	-	-	-	-	8,450,006	8,450,006
Special Assessments	3,026	-	-	-	610,716	613,742
Earnings on Investments	311,819	-	-	-	21,476	333,295
Miscellaneous	138,267	52,677	30	-	233,416	424,390
Total Receipts	4,585,213	9,792,440	2,759,892	-	14,119,309	31,256,854
Disbursements						
Current:						
General Government	1,976,115	-	-	-	2,262,279	4,238,394
Public Safety	-	5,496,875	2,138,966	-	2,046,511	9,682,352
Public Works	-	-	-	-	1,659,370	1,659,370
Health	20,972	-	-	-	14,515	35,487
Conservation-Recreation	320,002	-	-	-	-	320,002
Payments to Schools	-	-	-	-	5,031,547	5,031,547
Capital Outlay	35,249	120,150	1,598	360,000	8,064,738	8,581,735
Debt Service:						
Principal Retirement	15,000	-	-	-	5,340,000	5,355,000
Interest and Fiscal Charges	3,559	-	-	-	819,291	822,850
Debt Issuance Costs	-	-	-	-	188,311	188,311
Total Disbursements	2,370,897	5,617,025	2,140,564	360,000	25,426,562	35,915,048
Excess of Receipts Over (Under) Disbursements	2,214,316	4,175,415	619,328	(360,000)	(11,307,253)	(4,658,194)
Other Financing Sources (Uses)						
Other Debt Proceeds	-	-	-	-	10,670,000	10,670,000
Premium on Debt	-	-	-	-	637,733	637,733
Sale of Capital Assets	-	2,891	-	-	-	2,891
Transfers In	-	-	-	3,566,792	1,824,201	5,390,993
Transfers Out	(4,606,166)	(268,903)	(62,909)	-	(453,015)	(5,390,993)
Total Other Financing Sources (Uses)	(4,606,166)	(266,012)	(62,909)	3,566,792	12,678,919	11,310,624
Net Change in Fund Balances	(2,391,850)	3,909,403	556,419	3,206,792	1,371,666	6,652,430
Fund Balances Beginning of Year	15,507,546	6,750,258	2,743,693	3,234,564	9,537,333	37,773,394
Fund Balances End of Year	\$ 13,115,696	\$ 10,659,661	\$ 3,300,112	\$ 6,441,356	\$ 10,908,999	\$ 44,425,824

See accompanying notes to the basic financial statements

Liberty Township

Butler County, Ohio

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities - Modified Cash Basis
For the Year Ended December 31, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 6,652,430

***Amounts reported for governmental activities in the
statement of activities are different because:***

Internal service funds charge insurance costs to other funds. The entity-wide statements eliminate governmental fund expenditures and related internal service fund charges. Governmental activities report allocated net internal service fund receipts (disbursements).

53,968

Change in Net Position of Governmental Activities

\$ 6,706,398

See accompanying notes to the basic financial statements

Liberty Township
Butler County, Ohio
Statement of Fund Net Position - Modified Cash Basis
Proprietary Fund
December 31, 2020

	Governmental Activities
	Internal Service Fund
Assets	
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 1,409,669
<i>Total Assets</i>	\$ 1,409,669
 Net Position	
Restricted for:	
Self Insurance	\$ 1,409,669
<i>Total Net Position</i>	\$ 1,409,669

See accompanying notes to the basic financial statements

Liberty Township
Butler County, Ohio
Statement of Receipts, Disbursements, and Changes in Fund Net Position - Modified
Cash Basis - Proprietary Fund
For the Year Ended December 31, 2020

	Governmental Activities
	Internal Service Fund
Operating Receipts	
Charges for Services	\$ 1,537,405
<i>Total Operating Receipts</i>	<i>1,537,405</i>
Operating Disbursements	
Purchased Services	492,317
Claims	993,926
<i>Total Operating Disbursements</i>	<i>1,486,243</i>
<i>Operating Income</i>	<i>51,162</i>
Non-Operating Receipts	
Earnings on Investments	2,806
<i>Total Non-Operating Receipts</i>	<i>2,806</i>
<i>Change in Net Position</i>	<i>53,968</i>
<i>Net Position Beginning of Year</i>	<i>1,355,701</i>
<i>Net Position End of Year</i>	<i>\$ 1,409,669</i>

See accompanying notes to the basic financial statements

Liberty Township
Butler County, Ohio
Statement of Cash Flows - Modified Cash Basis
Proprietary Fund
For the Year Ended December 31, 2020

	Governmental Activities
	Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	\$ 1,537,405
Cash Payments for Goods and Services	(492,317)
Cash Payments for Claims	(993,926)
	<u>51,162</u>
<i>Net Cash Provided by Operating Activities</i>	<u>51,162</u>
Cash Flows from Investing Activities	
Interest on Investments	2,806
	<u>2,806</u>
<i>Net Cash Provided by Investing Activities</i>	<u>2,806</u>
<i>Net Increase in Cash and Cash Equivalents</i>	53,968
<i>Cash and Cash Equivalents Beginning of Year</i>	1,355,701
	<u>1,355,701</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 1,409,669</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 51,162
	<u>51,162</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 51,162</u>

See accompanying notes to the basic financial statements

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

Liberty Township, Butler County, Ohio (the Township), is a body politic and corporate 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units, and other organizations that were included to ensure the financial statements are not misleading. The Township has no component units.

Primary Government

The primary government consists of all funds, departments, boards, and agencies not legally separate from the Township. The primary government of the Township provides the following services to its citizens – general government services, maintenance of Township roads, bridges, parks, and cemetery, and fire and emergency medical services. The Township contracts with the Butler County Sheriff’s Office for police protection.

Public Entity Risk Pools

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 and 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. See Note 6 for more information.

Note 2 – Summary of Significant Accounting Policies

As discussed further in this Note, these financial statements are presented on a modified cash basis of accounting, which 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.

Basis of Presentation

The Township’s basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

The statement of net position and 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 governmental and business-type activities of the Township. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions, where business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township has no business-type activities.

The statement of net position 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 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 are 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 is self-financing on a modified 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 Township financial information at a more detailed level and the focus is on major funds. Each major fund is presented in a separate column with nonmajor funds aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements and the fiduciary fund is 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.

Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are divided into three categories, governmental, proprietary, and fiduciary.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Governmental Funds

Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds:

General Fund – This is the general operating fund and accounts 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.

Fire and EMS Fund – This fund accounts for proceeds from property taxes and other cash receipts restricted for fire department operations and emergency services.

Police Fund – This fund accounts for proceeds from property taxes and other cash receipts restricted for police department operations and protection services.

Capital Projects Fund – This fund accounts for activities related to the acquisition, construction, and improvement of capital assets. It is currently funded with a transfer from the general fund.

The other governmental funds of the Township account for and report grants and other resources, whose use is restricted, committed, or assigned to a particular purpose.

Proprietary Funds

The Township classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds focus on the determination of operating income, changes in net position, financial position, and cash flows. The Township's proprietary fund is an internal service fund. Internal service funds account for the financing of services provided by one department to another department of the Township on a cost-reimbursement basis. The Township's internal service fund accounts for a self-insurance program for employee medical and prescription drug benefits.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

The Township's financial statements are prepared using the modified cash basis of accounting. 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.

As a result of the use of the modified 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.

Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records and interest in the pool is presented as "Equity in Pooled Cash, Cash Equivalents, and Investments."

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.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2020, the Township invested in negotiable certificates of deposit, U.S. Agency Securities, a money market mutual fund, and STAR Ohio. The negotiable certificates of deposits and the U.S. Agency Securities are reported at fair value as of December 31, 2020. The Township's money market mutual fund investment is recorded at the amount reported by Morgan Stanley on December 31, 2020.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Township measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and Investments (continued)

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Township funds according to state statutes, grant requirements, or debt related restrictions. In 2020, the General Fund received \$311,819 in interest earnings and Other Governmental Funds received \$21,476.

Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's modified cash basis of accounting.

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 7 and 8, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Long-Term Obligations

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

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Net Position

Net position is 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. Restricted net position includes resources restricted for maintaining roads and bridges, fire and emergency medical services, police services, debt service, recreation programs, cemetery maintenance, and self-insurance.

All levied funds are restricted in their expenditures, in they can only be used for the operations of the purpose they were voted for. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

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

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute. State Statute authorizes the Township Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

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

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

Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 3 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories – active monies, inactive deposits, and interim deposits.

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 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.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies held by the Township can be deposited or invested in the following securities:

1. U.S. 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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 3 – Deposits and Investments (continued)

5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Township had \$100 in undeposited cash on hand which is not included as part of *"Equity in Pooled Cash and Cash Equivalents"* on the financial statements.

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, the carrying amount of the Township's deposits was \$16,553,261 and the bank balance was \$16,848,664. Based on the criteria established in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2020, none of the Township's bank balance was exposed to custodial risk as described below.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 3 – Deposits and Investments (continued)

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires deposits be either insured or be protected by:

Eligible securities pledged to the Township and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of December 31, 2020, the Township had the following investments:

	Fair Value	Investment Maturities (in Years) Less than 1
Federal Home Loan Mortgage Corporation	\$ -	\$ -
Negotiable Certificates of Deposit	758,099	758,099
Money Market Funds	10,597,696	10,597,696
STAR Ohio	17,926,437	17,926,437
	\$ 29,282,232	\$ 29,282,232

Interest Rate Risk – 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 the Township's investment portfolio be structured so securities mature to meet cash requirements for ongoing operations and/or long-term debt payments – thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk – Federal agency investments carry a rating of Aaa by Moody's and STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires money market funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The negotiable certificates of deposit are not rated.

Custodial Credit Risk – 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 in the possession of an outside party. The investments are safeguarded from custodial credit risk as they are held in a segregated customer account by the counterparty's trust department or agent.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 3 – Deposits and Investments (continued)

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.”

Concentration of Credit Risk – The Township places no limit on the amount it may invest in any one issuer. The following is an investment schedule as of December 31, 2020:

Investment Issuer	Percentage of Investments
Federal Home Loan Mortgage Corporation Notes	0%
Negotiable Certificates of Deposit	3%
Money Market Funds	36%
STAR Ohio	61%
	100%

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Township’s negotiable certificates of deposit were valued using pricing sources as provided by the investment manager (Level 2 inputs). Investments in the money market and STAR Ohio are excluded from fair value measurement requirements under generally accepted accounting principles and instead, are reported at amortized cost which approximates fair value.

Note 4 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

Real property taxes for 2020 are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. Real property taxes for 2020 are collected in and intend to finance 2021.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 4 – Property Taxes (continued)

Public utility personal property currently is assessed at varying percentages of true value and public utility real property is assessed at 35 percent of true value. Public property taxes for 2020, which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2020, was \$15.09 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2020 property tax receipts were based are as follows:

Real Property - Residential, Agricultural, and Other	\$ 1,044,096,740
Public Utility Property	<u>29,886,860</u>
Total Assessed Value	<u><u>\$ 1,073,983,600</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 5 – Interfund Balances and Transfers

During 2020 the following transfers were made:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds		
General Fund	\$ -	\$ 4,606,166
Fire and EMS Fund	-	268,903
Police Fund		62,909
Other Governmental Funds		
Road Garage Debt Service Fund	120,570	-
Fire Station 113 Building Debt Service Fund	139,445	-
Townhomes of Four Bridges RID Fund	88,141	-
Trails of Four Bridges RID Fund	88,141	
Cedarbrook RID Fund	88,141	
Four Bridges RID Fund	88,141	
Fire Station 111 Building Debt Service Fund	242,022	-
Road Salt Barn Debt Service Fund	18,617	-
Kyles Station Road Debt Service Fund	210,993	-
Services Storage Facility Fund	228,572	-
Debt Service - Admin	252,502	
Debt Service - Fire 112	258,916	
Capital Projects Fund	3,566,792	
Aspen Trails RID Fund	-	151,005
Creekside Meadows RID Fund	-	151,005
Falling Water RID Fund	-	151,005
	<u>\$ 5,390,993</u>	<u>\$ 5,390,993</u>

Transfers

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, or to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers from the Fire and EMS Fund and other nonmajor funds were in compliance with Ohio Revised Code to make debt payments.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 6 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks: general liability and casualty, public official’s liability, cyber, law enforcement liability, automobile liability, vehicles, property, and equipment breakdown.

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liability as of December 31, 2019 (most recent information available):

Cash and Investments	\$ 35,207,320
Actuarial Liabilities	\$ 10,519,942

Workers’ Compensation coverage is provided by the State of Ohio. The Township pays the State Workers’ Compensation system a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs

The Township manages employee health benefits on a self-insured basis. The employee health benefit plan provides basic medical and prescription drug benefits through Custom Design Benefits, the third party administrator (TPA) of the program, which reviews and pays the claims. A specific excess loss coverage (stop-loss) insurance policy covers claims in excess of \$35,000 per employee per year. The Self-Insurance internal service fund pays covered claims to service providers and recovers these costs from charges to other funds based on historical cost information and adjusted over a reasonable period of time so the internal service fund receipts and disbursements are approximately equal.

A comparison of Self-Insurance Fund cash and investments to the actuarially-measured liability as of December 31, 2020, follows:

Cash and Investments	\$ 1,409,670
Actuarial Liabilities	\$ 180,233

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Township employees, other than full-time firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS’ CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plans (continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plans (continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

	State and Local
2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2020 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
 Employee	 10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township’s contractually required contribution for the years ended December 31, 2020, 2019 and 2018 were \$232,366, \$237,253 and \$228,689, respectively.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description – Township full-time firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member’s average annual salary. The following discussion of the pension formula relates to normal service retirement.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plans (continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF) (continued)

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OPF’s CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member’s base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Firefighters</u>
2020 Statutory Maximum Contribution Rates	
Employer	24.00 %
Employee	12.25 %
 2020 Actual Contribution Rates	
Employer:	
Pension	23.50 %
Post-employment Health Care Benefits	0.50 %
Total Employer	24.00 %
Employee	12.25 %

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plans (continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF) (continued)

Employer contribution rates are expressed as a percentage of covered payroll. The Township's contractually required contribution to OPF for the years ended December 31, 2020, 2019 and 2018 were \$846,473, \$822,918 and \$713,716, respectively.

Social Security

Several Township employees contributed to Social Security. This plan provides retirement benefits, including survivor, and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 8 – Postemployment Benefits (continued)

Ohio Public Employees Retirement System (continued)

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contributions to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township’s required contribution was \$0 for 2020.

Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OPF provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 8 – Postemployment Benefits (continued)

Ohio Police and Fire Pension Fund (continued)

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 24 percent of covered payroll for fire employer units. The Ohio Revised Code states that the employer contribution may not exceed 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OPF maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits One for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2019, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Beginning January 1, 2019, OPF is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OPF will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The Township's contractually required contribution to OPF was \$17,635 for 2020.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt

Notes Payable

A summary of the Township's note transactions for the year ended December 31, 2020 is as follows:

	Interest Rate	Maturity Date	Balance December 31 2019	Additions	Retired	Balance December 31 2020
Bond Anticipation Notes						
Administration Building - Series 2019	3.00%	3/26/2020	\$ 4,200,000	\$ -	\$ 4,200,000	\$ -
Total Bond Anticipation Notes			<u>\$ 4,200,000</u>	<u>\$ -</u>	<u>\$ 4,200,000</u>	<u>\$ -</u>

The Township issued bond anticipation notes in March 2019 for the purpose of constructing an administration building.

These notes are backed by the full faith and credit of the Township, and mature within one year.

Bonds Payable

A summary of the Township's long-term debt activity for the year ended December 31, 2020 is as follows:

	Interest Rate	Maturity Date	Balance December 31 2019	Additions	Retired	Balance December 31 2020	Amounts Due In One Year
General Obligation Bonds							
Road Garage Refinanced	3.40%	2020	\$ 105,000	\$ -	\$ 105,000	\$ -	\$ -
Fire Station 113 - Refunding Bonds	2.70%	2023	535,000	-	125,000	410,000	130,000
Services Storage Facility	2.27%	2031	2,360,000	-	175,000	2,185,000	175,000
Admin Building/Fire 112 Bonds			-	10,400,000	180,000	10,220,000	275,000
Refunding 2017	2.27%	2031	5,205,000	-	490,000	4,715,000	505,000
Total General Obligation Bonds			<u>8,205,000</u>	<u>10,400,000</u>	<u>1,075,000</u>	<u>17,530,000</u>	<u>1,085,000</u>
Revenue Bonds							
Liberty Center Project - Series 2014B	4.0% - 5.0%	2041	5,795,000	-	80,000	5,715,000	85,000
Total Revenue Bonds			<u>5,795,000</u>	<u>-</u>	<u>80,000</u>	<u>5,715,000</u>	<u>85,000</u>
Total			<u>\$ 14,000,000</u>	<u>\$ 10,400,000</u>	<u>\$ 1,155,000</u>	<u>\$ 23,245,000</u>	<u>\$ 1,170,000</u>

General obligation bonds are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent other resources are not available to meet annual principal and interest payments.

The following is a summary of the Township's future annual debt service requirements for general obligation bonds:

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt (continued)

Long-Term Obligations

	General Obligation Bonds		
	Principal	Interest	Total
2021	1,085,000	506,144	1,591,144
2022	1,105,000	476,197	1,581,197
2023	1,160,000	445,689	1,605,689
2024	1,035,000	413,630	1,448,630
2025	1,060,000	384,860	1,444,860
2026-2030	4,870,000	1,472,756	6,342,756
2031-2035	2,385,000	890,113	3,275,113
2036-2040	2,530,000	512,969	3,042,969
2041-2044	2,300,000	143,256	2,443,256
	-	-	-
	<u>\$17,530,000</u>	<u>\$5,245,615</u>	<u>\$22,775,615</u>

In November 2014, the Township entered into a funding agreement with the Butler County Port Authority for the issuance of public infrastructure revenue bonds in the amount of \$6,045,000 for the primary purpose of acquiring and constructing certain public infrastructure improvements in relation with Liberty Center. The bonds were issued at a discount and pay interest at rates ranging from 4% to 5% and fully mature on December 1, 2041.

The bond issuance was a portion of a partnership with Butler County and the Liberty Community Authority for the construction of the infrastructure for the Liberty Center project. The parties entered into a funding agreement and issued \$37,310,000 in bonds for capital financing through the Butler County Port Authority. The bonds will be paid solely from the pledged amounts identified in the funding agreement and the Port Authority shall never be required to use its own funds to make such payments. The County pledged revenues for the \$11,085,000 Series A bonds. The Series B bonds \$6,045,000 will be paid by Liberty Township and the Series C bonds of \$20,180,000 will be paid by the Liberty Community Authority.

As part of the funding agreement, the Township has agreed to secure and pledge certain revenue streams set forth in the agreement. According to the agreement, the obligation of the Township is limited to the pledged revenues and the bonds are not general obligations of any political subdivision.

The following is a summary of the Township's future annual debt service requirements for the revenue bonds:

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt (continued)

Long-Term Obligations (continued)

	Revenue Bonds		
	Principal	Interest	Total
2020	80,000	272,562	352,562
2021	85,000	269,362	354,362
2022	90,000	265,963	355,963
2023	190,000	262,363	452,363
2024	195,000	254,763	449,763
2025	205,000	246,963	451,963
2026-2030	1,165,000	1,099,250	2,264,250
2031-2035	1,465,000	807,000	2,272,000
2036-2040	1,880,000	401,500	2,281,500
2041	440,000	22,000	462,000
	\$ 5,715,000	\$ 3,629,164	\$ 9,344,164

Debt Margin

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5% of the tax valuation of the Township. The Revised Code further provides total voted and unvoted net debt of the Township less the same exempt debt shall never exceed an amount equal to 10.5% of its tax valuation.

The effects of the debt limitations at December 31, 2020, were an overall debt margin of \$95,238,278 and an unvoted debt margin of \$41,539,098.

Note 10 – Intergovernmental Agreements

Butler County Transportation Improvement District

The Township and the Butler County Transportation Improvement District (TID) entered into an intergovernmental agreement, that has subsequently been amended, pursuant to which the Township agreed to pay a portion of the cost of the Liberty Interchange Project and to secure, with certain revenue streams set forth in the agreement, a portion of the Series 2007 Bonds as issued by the TID. The Township has pledged specific net residential income tax district (RID) revenues and Joint Economic Development District (“JEDD”) revenues, subject to annual appropriations by the Board, equal to ninety-five percent of the prior year JEDD revenues received, to the TID as security for the bonds. According to the agreement, the obligation of the Township is limited to the pledged receipts and the bonds are not general obligations of any political subdivision.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 10 – Intergovernmental Agreements (continued)

Butler County Transportation Improvement District (continued)

During 2020, the amount pledged totaled and paid by the Township was \$2,147,184. Minimum payments via pledged revenues are expected as follows:

	<u>Amount</u>
2021	\$ 1,186,500
2022	1,227,200
2023	1,234,900
2024	1,246,900
2025	1,386,746
2026-2030	7,190,858
2031-2034	<u>2,372,055</u>
	<u>\$ 15,845,159</u>

Note 11 – Contingent Liabilities

The Township is party to various legal proceedings seeking damages. Township management is of the opinion the ultimate disposition of the various claims and legal proceedings will not have a material effect, if any, on the financial statements of the Township. The Township also participates in various grant programs. These programs may be subject to financial and compliance audits by the grantor or their representative.

Note 12 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds.

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Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 12 – Fund Balances (continued)

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below as of December 31, 2020:

	General Fund	Fire and EMS Fund	Police Fund	Capital Projects Fund	Other Governmental Funds	Total
Restricted for:						
Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ 6,262,768	\$ 6,262,768
Debt Service	-	-	-	-	2,644,831	2,644,831
Public Safety	-	10,659,661	3,300,112	-	79,009	14,038,782
Public Works	-	-	-	-	1,203,219	1,203,219
Cemetery	-	-	-	-	206,650	206,650
Recreation Programs	-	-	-	-	40,853	40,853
<i>Total Restricted</i>	-	10,659,661	3,300,112	-	10,437,330	24,397,103
Committed to:						
Public Works	-	-	-	-	471,669	471,669
<i>Total Committed</i>	-	-	-	-	471,669	471,669
Assigned to:						
Capital Outlay	-	-	-	6,441,356	-	6,441,356
General Government	349,963	-	-	-	-	349,963
Recreation Programs	41,743	-	-	-	-	41,743
<i>Total Assigned</i>	391,706	-	-	6,441,356	-	6,833,062
Unassigned	12,723,990	-	-	-	-	12,723,990
Total Fund Balances	<u>\$ 13,115,696</u>	<u>\$ 10,659,661</u>	<u>\$ 3,300,112</u>	<u>\$ 6,441,356</u>	<u>\$ 10,908,999</u>	<u>\$ 44,425,824</u>

Note 13 – Construction and Contractual Commitments

As of December 31, 2020, the Township has approximately \$2.4 million in remaining construction costs for the new fire station building. The project is expected to be completed in 2021.

Note 14 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

SUPPLEMENTARY INFORMATION

Liberty Township
Butler County, Ohio
Schedule of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 716,412	\$ 716,412	\$ 715,361	\$ (1,051)
Charges for Services	4,000	4,000	6,590	2,590
Licenses, Permits and Fees	516,171	516,171	611,471	95,300
Fines and Forfeitures	13,600	13,600	8,894	(4,706)
Intergovernmental	2,678,900	2,678,900	2,789,946	111,046
Special Assessments	3,000	3,000	3,026	26
Earnings on Investments	60,000	60,000	311,760	251,760
Miscellaneous	57,550	53,550	99,505	45,955
<i>Total Receipts</i>	<u>4,049,633</u>	<u>4,045,633</u>	<u>4,546,553</u>	<u>500,920</u>
Disbursements				
Current:				
General Government	2,286,956	2,346,851	2,154,296	192,555
Health	22,000	22,000	22,000	-
Conservation-Recreation	379,790	405,790	357,898	47,892
Debt Service	-	18,559	18,559	-
Capital Outlay	503,251	437,791	165,158	272,633
<i>Total Disbursements</i>	<u>3,191,997</u>	<u>3,230,991</u>	<u>2,717,911</u>	<u>513,080</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>857,636</u>	<u>814,642</u>	<u>1,828,642</u>	<u>1,014,000</u>
Other Financing Sources (Uses)				
Transfers Out	(975,473)	(4,606,166)	(4,606,166)	-
Advances Out	(15,000)	(15,000)	-	15,000
<i>Total Other Financing Sources (Uses)</i>	<u>(990,473)</u>	<u>(4,621,166)</u>	<u>(4,606,166)</u>	<u>15,000</u>
<i>Net Change in Fund Balance</i>	(132,837)	(3,806,524)	(2,777,524)	1,029,000
<i>Unencumbered Fund Balance Beginning of Year</i>	15,148,184	15,148,184	15,148,184	-
Prior Year Encumbrances Appropriated	308,485	308,485	308,485	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 15,323,832</u>	<u>\$ 11,650,145</u>	<u>\$ 12,679,145</u>	<u>\$ 1,029,000</u>

See accompanying notes to the supplemental information

Liberty Township
Butler County, Ohio
Schedule of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire and EMS Fund
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 7,462,932	\$ 7,462,932	\$ 7,879,229	\$ 416,297
Charges for Services	382,231	382,231	385,694	3,463
Licenses, Permits and Fees	14,202	14,202	35,706	21,504
Intergovernmental	1,551,523	1,551,523	1,439,134	(112,389)
Miscellaneous	2,000	2,000	52,677	50,677
<i>Total Receipts</i>	<u>9,412,888</u>	<u>9,412,888</u>	<u>9,792,440</u>	<u>379,552</u>
Disbursements				
Current:				
Public Safety	6,846,934	7,800,968	5,991,055	1,809,913
Capital Outlay	884,643	535,088	485,594	49,494
<i>Total Disbursements</i>	<u>7,731,577</u>	<u>8,336,056</u>	<u>6,476,649</u>	<u>1,859,407</u>
<i>Excess of Receipts Over Disbursements</i>	<u>1,681,311</u>	<u>1,076,832</u>	<u>3,315,791</u>	<u>2,238,959</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	-	-	2,831	2,831
Transfers Out	(137,685)	(268,904)	(268,903)	1
<i>Total Other Financing Sources (Uses)</i>	<u>(137,685)</u>	<u>(268,904)</u>	<u>(266,072)</u>	<u>2,832</u>
<i>Net Change in Fund Balance</i>	1,543,626	807,928	3,049,719	2,241,791
<i>Unencumbered Fund Balance Beginning of Year</i>	6,160,949	6,160,949	6,160,949	-
Prior Year Encumbrances Appropriated	589,307	589,307	589,307	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 8,293,882</u>	<u>\$ 7,558,184</u>	<u>\$ 9,799,975</u>	<u>\$ 2,241,791</u>

See accompanying notes to the supplemental information

Liberty Township
Butler County, Ohio
Schedule of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 2,300,811	\$ 2,300,811	\$ 2,404,618	\$ 103,807
Licenses, Permits and Fees	4,896	4,896	2,831	(2,065)
Intergovernmental	338,306	338,306	352,413	14,107
Miscellaneous	-	-	30	30
<i>Total Receipts</i>	<u>2,644,013</u>	<u>2,644,013</u>	<u>2,759,892</u>	<u>115,879</u>
Disbursements				
Current:				
Public Safety	2,749,317	2,780,461	2,138,966	641,495
Capital Outlay	2,000	2,000	1,598	402
<i>Total Disbursements</i>	<u>2,751,317</u>	<u>2,782,461</u>	<u>2,140,564</u>	<u>641,897</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(107,304)</u>	<u>(138,448)</u>	<u>619,328</u>	<u>757,776</u>
Other Financing Uses				
Transfers Out	(115,500)	(115,500)	(62,909)	52,591
<i>Total Other Financing Uses</i>	<u>(115,500)</u>	<u>(115,500)</u>	<u>(62,909)</u>	<u>52,591</u>
<i>Net Change in Fund Balance</i>	<u>(222,804)</u>	<u>(253,948)</u>	<u>556,419</u>	<u>810,367</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	2,743,678	2,743,678	2,743,678	-
Prior Year Encumbrances Appropriated	<u>15</u>	<u>15</u>	<u>15</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 2,520,889</u>	<u>\$ 2,489,745</u>	<u>\$ 3,300,112</u>	<u>\$ 810,367</u>

See accompanying notes to the supplemental information

Liberty Township
Butler County, Ohio
Notes to the Supplementary Information
For the Year Ended December 31, 2020

Note 1 – Budgetary Process

All funds except custodial 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 resolution – all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates and the certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution 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 and department level for all funds, and within each fund, the amount appropriated for personal services.

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 certificate of estimated resources in effect at the time final appropriations were passed by the Township Trustees.

The appropriations resolution 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 resolution 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 Trustees during the year.

Note 2 – 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 Schedule of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Fire and EMS Fund, and Police Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis are outstanding year-end encumbrances, which are treated as cash disbursements (budgetary basis) rather than as restricted, committed, or assigned fund balance (*modified* cash basis) and activity in the flex spending account (formerly reported as an agency fund). The following table summarizes the adjustments necessary to reconcile modified cash basis to the budgetary basis.

	<u>General Fund</u>	<u>Fire and EMS Fund</u>	<u>Police Fund</u>
Net Change in Fund Balance - Modified Cash Basis	\$ (2,391,850)	\$ 3,909,403	\$ 556,419
Activity not budgeted - flex spending account receipts	(38,659)	-	-
Activity not budgeted - flex spending account disbursements	44,691	-	-
Adjustment for 2020 Encumbrances	(391,706)	(859,684)	-
Net Change in Fund Balance - Budget Basis	<u>\$ (2,777,524)</u>	<u>\$ 3,049,719</u>	<u>\$ 556,419</u>

**LIBERTY TOWNSHIP
BUTLER COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(PREPARED BY MANAGEMENT)
FOR THE YEAR ENDED DECEMBER 31, 2020**

FEDERAL GRANTOR/PROGRAM TITLE	Federal CFDA Number	Disbursements
United States Department of Homeland Security <i>Staffing for Adequate Fire and Emergency Response</i>	97.083	\$ 283,690
Total United States Department of Homeland Security		<u>283,690</u>
United States Department of Treasury Coronavirus Relief Fund	21.019	<u>2,589,931</u>
Total United States Department of Treasury		<u>2,589,931</u>
Total Expenditures of Federal Awards		<u>\$ 2,873,621</u>

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**LIBERTY TOWNSHIP
BUTLER COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Prepared by Management)**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Liberty Township (the Township) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Township, it is not intended to and does not present the financial position, changes in fund balance, or cash flows of the Township.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COSTS

The Township has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

Liberty Township
Butler County
5021 Winners Circle
Liberty Township, OH 45011

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty Township, Butler County, (the Township) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 17, 2021, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Liberty Township

Butler County

Independent Auditor's Report on Internal Control Over Financial Reporting and on

Compliance and Other Matters Required by *Government Auditing Standards*

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Compliance and Other Matters

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

We noted certain other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 17, 2021.

Purpose of this Report

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



Charles E. Harris & Associates, Inc.

June 17, 2021

Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Liberty Township
Butler County
5021 Winners Circle
Liberty Township, OH 45011

To the Board of Trustees:

Report on Compliance for the Major Federal Program

We have audited Liberty Township, Butler County, Ohio's (Township) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Township's major federal program for the year ended December 31, 2020. The Township's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Township's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major program. However, our audit does not provide a legal determination of the Township's compliance.

Opinion on the Major Federal Program

In our opinion, Liberty Township, Butler County, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Township is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

June 17, 2021

**LIBERTY TOWNSHIP
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
December 31, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unmodified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
(d)(1)(vi)	<i>Are there any reportable findings under 2 CFR § 200.516(a)</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Coronavirus Relief Fund CFDA#21.019
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: >\$750,000 Type B: All Others
(d)(1)(ix)	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



LIBERTY TOWNSHIP

BUTLER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/3/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov