

**LIBERTY TOWNSHIP
UNION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019

**Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701**

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Township Trustees
Liberty Township
26944 Coder Holloway Road
Raymond, Ohio 43067

We have reviewed the *Independent Auditor's Report* of Liberty Township, Union County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2019 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 cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 22, 2021

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UNION COUNTY
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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Liberty Township
Union County
26144 Coder Holloway Road
Raymond, Ohio 43067

To the Board of Trustees:

Report on Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, major funds and aggregate remaining fund information of Liberty Township, Union County, Ohio as of and for the years ended December 31, 2020 and 2019 and the related notes to the financial statements, which collectively comprised 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 cash accounting basis Note 2 describes. This responsibility includes determining that the 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 the financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of Liberty Township, Union County, as of December 31, 2020 and 2019, and the respective changes in cash financial positions and the respective budgetary comparisons for the General Fund, Gasoline Tax Fund, Coronavirus Relief Fund and Special Fire Levy Fund, thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the 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 12 to the 2020 financial statements and Note 12 to the 2019 financial statements, during 2020, the 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 7, 2021, on our consideration of Liberty 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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
April 7, 2021

**LIBERTY TOWNSHIP
UNION COUNTY**

**STATEMENT OF NET POSITION-CASH BASIS
December 31, 2020**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 2,747,517</u>
Total Assets	<u>\$ 2,747,517</u>
NET POSITION:	
Restricted for:	
Capital Projects	\$ 883
Other Purposes	2,556,948
Unrestricted	<u>189,686</u>
Total Net Position	<u><u>\$ 2,747,517</u></u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
UNION COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Cash</u> <u>Disbursements</u>	<u>Charges for</u> <u>Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Net</u> <u>(Disbursements)</u> <u>Receipts and</u> <u>Changes in</u> <u>Net Assets</u>
Governmental Activities:					
General Government	\$ 150,428	\$ -	\$ -	\$ -	\$ (150,428)
Public Safety	749,481	517,267	-	-	(232,214)
Public Works	111,886	-	139,239	-	27,353
Health	3,801	7,225	-	-	3,424
Conservation-Recreation	818	-	-	-	(818)
Capital Outlay	598,988	-	-	-	(598,988)
Total Governmental Activities	<u>\$ 1,615,402</u>	<u>\$ 524,492</u>	<u>\$ 139,239</u>	<u>\$ -</u>	<u>\$ (951,671)</u>

General Receipts:

Property Taxes Levied for:	
General Purposes	620,893
Grants and Entitlements not	
Restricted to Specific Programs	405,145
Miscellaneous	69,294
Interest	27,551
	<u>1,122,883</u>
Total General Receipts	
	<u>1,122,883</u>
Change in Net Position	171,212
Net Position Beginning of Year	<u>2,576,305</u>
Net Position End of Year	<u>\$ 2,747,517</u>

See notes to the basic financial statements.

**LIBERTY TOWNSHIP
UNION COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2020**

	<u>General</u>	<u>Coronavirus</u>	<u>Special Fire Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Equity in Pooled Cash and Cash Equivalents	<u>\$ 189,686</u>	<u>\$ 60,349</u>	<u>\$ 2,319,888</u>	<u>\$ 177,594</u>	<u>\$ 2,747,517</u>
Total Assets	<u><u>\$ 189,686</u></u>	<u><u>\$ 60,349</u></u>	<u><u>\$ 2,319,888</u></u>	<u><u>\$ 177,594</u></u>	<u><u>\$ 2,747,517</u></u>
Fund Balances:					
Restricted	-	60,349	2,319,888	177,594	2,557,831
Unassigned	<u>189,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,686</u>
Total Fund Balances	<u><u>\$ 189,686</u></u>	<u><u>\$ 60,349</u></u>	<u><u>\$ 2,319,888</u></u>	<u><u>\$ 177,594</u></u>	<u><u>\$ 2,747,517</u></u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
December 31, 2020**

	<u>General</u>	<u>Coronavirus</u>	<u>Special Fire Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CASH RECEIPTS					
Property and Other Local Taxes	\$ 96,318	\$ -	\$ 524,575	\$ -	\$ 620,893
Charges for Services	-	-	517,267	-	517,267
Licenses, Permits and Fees	7,894	-	-	7,225	15,119
Fines and Forfeitures	3,425	-	-	-	3,425
Intergovernmental	44,469	248,453	75,929	158,845	527,696
Special Assessments	-	-	-	5,369	5,369
Earnings on Investment	27,551	-	-	-	27,551
Miscellaneous	25,054	-	38,540	5,700	69,294
Total Receipts	<u>204,711</u>	<u>248,453</u>	<u>1,156,311</u>	<u>177,139</u>	<u>1,786,614</u>
CASH DISBURSEMENTS:					
Current:					
General Government	130,888	9,675	9,865	-	150,428
Public Safety	-	14,981	734,500	-	749,481
Public Works	203	-	-	111,683	111,886
Health	2,184	-	-	1,617	3,801
Conservation-Recreation	818	-	-	-	818
Capital Outlay	-	163,448	435,540	-	598,988
Total Disbursements	<u>134,093</u>	<u>188,104</u>	<u>1,179,905</u>	<u>113,300</u>	<u>1,615,402</u>
Net Change in Fund Cash Balance	70,618	60,349	(23,594)	63,839	171,212
Cash Fund Balances Beginning of Year	<u>119,068</u>	<u>-</u>	<u>2,343,482</u>	<u>113,755</u>	<u>2,576,305</u>
Cash Fund Balances End of Year	<u>\$ 189,686</u>	<u>\$ 60,349</u>	<u>\$ 2,319,888</u>	<u>\$ 177,594</u>	<u>\$ 2,747,517</u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 97,000	\$ 97,000	\$ 96,318	\$ (682)
Licenses, Permits and Fees	6,500	6,500	7,894	1,394
Fines and Forfeitures	5,000	5,000	3,425	(1,575)
Intergovernmental	35,440	35,440	44,469	9,029
Earnings on Investments	30,000	30,000	27,551	(2,449)
Miscellaneous	17,100	17,100	25,054	7,954
Total Receipts	<u>191,040</u>	<u>191,040</u>	<u>204,711</u>	<u>13,671</u>
CASH DISBURSEMENTS:				
Current:				
General Government	182,231	182,231	131,593	50,638
Public Safety	2,000	2,000	-	2,000
Public Works	32,500	32,500	203	32,297
Health	75,500	75,500	2,184	73,316
Conservation-Recreation	18,371	18,371	818	17,553
Capital Outlay	9,255	9,255	-	9,255
Total Disbursements	<u>319,857</u>	<u>319,857</u>	<u>134,798</u>	<u>185,059</u>
Net Change in Fund Cash Balance	(128,817)	(128,817)	69,913	198,730
Unencumbered Cash Fund Balances Beginning of Year	<u>118,438</u>	<u>118,438</u>	<u>118,438</u>	<u>-</u>
Prior Year Encumbrances Appropriated	630	630	630	-
Unencumbered Cash Fund Balances End of Year	<u>\$ (9,749)</u>	<u>\$ (9,749)</u>	<u>\$ 188,981</u>	<u>\$ 198,730</u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
SPECIAL FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 460,000	\$ 460,000	\$ 524,575	\$ 64,575
Charges for Services	586,000	586,000	517,267	(68,733)
Intergovernmental	60,000	60,000	75,929	15,929
Miscellaneous	4,000	4,000	38,540	34,540
Total Receipts	<u>1,110,000</u>	<u>1,110,000</u>	<u>1,156,311</u>	<u>46,311</u>
CASH DISBURSEMENTS:				
Current:				
General Government	12,000	12,000	9,685	2,315
Public Safety	962,773	962,773	737,438	225,335
Capital Outlay	2,468,961	2,468,961	435,540	2,033,421
Total Disbursements	<u>3,443,734</u>	<u>3,443,734</u>	<u>1,182,663</u>	<u>2,261,071</u>
Net Change in Cash Fund Balance	(2,333,734)	(2,333,734)	(26,352)	2,307,382
Unencumbered Cash Fund Balances Beginning of Year	<u>2,341,109</u>	<u>2,341,109</u>	<u>2,341,109</u>	<u>-</u>
Prior Year Encumbrances Appropriated	2,373	2,373	2,373	-
Unencumbered Cash Fund Balances End of Year	<u>\$ 9,748</u>	<u>\$ 9,748</u>	<u>\$ 2,317,130</u>	<u>\$ 2,307,382</u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
CORONAVIRUS RELIEF FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Intergovernmental	\$ 116,099	\$ 210,364	\$ 248,453	\$ 38,089
Total Receipts	<u>116,099</u>	<u>210,364</u>	<u>248,453</u>	<u>38,089</u>
CASH DISBURSEMENTS:				
Current:				
General Government	70,000	70,000	9,675	60,325
Public Safety	46,099	167,752	79,192	88,560
Capital Outlay	-	-	163,448	(163,448)
Total Disbursements	<u>116,099</u>	<u>237,752</u>	<u>252,315</u>	<u>(14,563)</u>
Net Change in Cash Fund Balance	-	(27,388)	(3,862)	23,526
Unencumbered Cash Fund Balances Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prior Year Encumbrances Appropriated	-	-	-	-
Unencumbered Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ (27,388)</u>	<u>\$ (3,862)</u>	<u>\$ 23,526</u>

See notes to basic financial statements.

LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

1. DESCRIPTION OF THE REPORTING ENTITY

Reporting Entity

The Township of Liberty, Union County, 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 a publicly elected Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township road and bridges, cemetery maintenance, and fire services. The Township contracts with the Union County Sheriff's Department for police services.

Jointly Governed Organizations

The Township participates a jointly governed organization. See Note 10 to the financial statements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the 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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or service. The Township has no business-type activities.

LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the programs 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 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 management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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 one category: governmental.

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 – The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Fire Levy Fund – This fund receives fire levy tax money and charges for services for the funding of fire and EMS services provided to the residents of Liberty, Taylor and York Townships.

Coronavirus Relief Fund – This fund accounts for and reports CARES Act monies received from the county auditor.

LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note. There were no modifications having substantial support.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected) and certain liabilities (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except agency funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and set limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

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 ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

Township records identify the purchase of specific investments by specific funds.

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

Investments 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 STAR Ohio.

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.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2020 was \$27,551.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent monies restricted for use in regards to road maintenance, cemetery and capital projects.

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.

Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for their 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 postretirement health care benefits.

Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither a other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

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. Net position restricted for other purposes include resources restricted for road maintenance, cemetery and capital projects.

The Township's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance

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

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. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 removes or change the specified use by taking the same type of action (resolution) it employed to previously commit the amounts. 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.

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 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 ordinance, or by State Statute.

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

Internal Activity

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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 cash disbursements to the funds that initially paid for them are not presented on the financial statements.

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance-Budget and Actual-Budgetary Basis presented for the General Fund and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparisons of actual results with the budget. The differences between the budgetary basis and the cash basis are as follows:

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

3. BUDGETARY BASIS OF ACCOUNTING

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis)

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General	Coronavirus	Special Fire Levy
Cash Basis	\$ 189,686	\$ 60,349	\$ 2,319,888
End of Year:			
Encumbrances	705	64,211	2,758
Budget Basis	\$ 188,981	\$ (3,862)	\$ 2,317,130

4. DEPOSITS AND INVESTMENTS

Monies held by the Township are classified by State into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuance of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligation described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

4. DEPOSITS AND INVESTMENTS (Continued)

4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligation of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio).
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirement 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 2 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. Except as noted above, 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. Payments 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.

The Township did not have any undeposited cash on hand for 2020.

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, \$558,986 of the Township's bank balance of \$2,800,795 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the township and deposited 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.

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

4. DEPOSITS AND INVESTMENTS (Continued)

Investments:

The fair value of these investments is not materially different than measurement value. As of December 31, 2020, the Township had the investments:

	Measurement Value
STAR Ohio	\$ 441,809
Total Portfolio	\$ 441,809

Credit Risk:

Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

5. 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 represent collections of 2019 taxes.

2019 real property taxes are levied after October 1, 2020, on assessed value at January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2020.

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.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes 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 3.40 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	\$ 58,491,470
Public Utility Personal Property	<u>3,414,560</u>
Total Assessed Value	<u><u>\$ 61,906,030</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
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

6. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2020, the Township contracted with a company for various types of insurance coverage as follows:

Type of Coverage	Coverage	Deductible
Gladfelter Public Practice Insurance Co.		
Blanket Property and Contents	\$ 2,791,063	\$ 500
Inland Marine	50,000	250
General Liability	3,000,000	500
Automobile Liability	1,000,000	500
Computer Hardware	100,000	-
Computer Software	500,000	500
Gladfelter Public Practice Insurance Co.		
Umbrella Excess Liability	2,000,000	-

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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

7. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Plan Description - Township employees, other than full-time police and 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 plan 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, OH 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 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 plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

7. DEFINED BENEFIT PENSION PLAN (Continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C 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
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	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	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
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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.

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

7. DEFINED BENEFIT PENSION PLAN (Continued)

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 provides statutory authority for member and employer contributions as follows:

	State and Local		Public Safety		Law Enforcement	
2020 Statutory Maximum Contribution Rates						
Employer	14.0	%	18.1	%	18.1	%
Employee ***	10.0	%	*		**	
2020 Actual Contribution Rates						
Employer:						
Pension	14.0	%	18.1	%	18.1	%
Post-employment Health Care Benefits *****	0.0		0.0		0.0	
Total Employer	14.0	%	18.1	%	18.1	%
Employee	10.0	%	12.0	%	13.0	%
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.						
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.						
*** 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.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$17,021 for year 2020.

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

7. DEFINED BENEFIT PENSION PLAN (Continued)

Ohio Police & Fire Pension Fund (OP&F)

Plan Description – Township full-time firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F 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. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F 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 obtaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F 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.

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 July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 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 OP&F 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 OP&F 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, will receive a COLA equal to either three percent or the percentage increase, if any, in the consumer price index over the 12 month period ending on September 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3 percent of their base pension or disability benefit.

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

7. DEFINED BENEFIT PENSION PLAN (Continued)

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

	Police		Firefighters	
2020 Statutory Maximum Contribution Rates				
Employer	19.50	%	24.00	%
Employee:				
January 1, 2019 through December 31, 2019	12.25	%	12.25	%
2020 Actual Contribution Rates				
Employer:				
Pension	19.00	%	23.50	%
Post-employment Health Care Benefits	0.50		0.50	
Total Employer	19.50	%	24.00	%
Employee:				
January 1, 2019 through December 31, 2019	12.25	%	12.25	%

Employer contribution rates are expressed as a percentage of covered payroll. The Village’s contractually required contribution to OP&F was \$5,810 for 2020.

Social Security

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

The employee 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.

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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

8. POSTEMPLOYMENT BENEFITS (Continued)

In order to qualify for post-employment 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 with a minimum age of 60, or generally 30 years of qualifying service at any age. 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 Postemployment 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.

Disclosures for the health care plan are presented separately on 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 post retirement health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, 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 2020, State and Local employers contributed at a rate of 14.0% of earnable salary and Public Safety and Law Enforcement employers contributed at a rate at 18.1%. 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 of Trustees determines the portion of the employer contributions rate will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution 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 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$4,863.

Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined postemployment 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. On January 1, 2019, OP&F implemented a new model health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for healthcare and Medicare Part B reimbursements.

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

8. POSTEMPLOYMENT BENEFITS (Continued)

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F 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 OP&F 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 contributions requirements of the participating employers and of plan members to the OP&F 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 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contributions may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contribution for retiree health care benefits. For 2020, 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.

The OP&F 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.

The Township's contractually required contribution to OP&F was \$136.

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

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

Fund Balance	General	Coronavirus	Fire Levy	Other Gov. Funds	Total
Restricted					
Fire and EMS	\$ -	\$ -	\$ 2,319,888	\$ -	\$2,319,888
Cemetery	-	-	-	17,148	17,148
Street Lights	-	-	-	5,204	5,204
Public Safety	-	60,349	-	-	60,349
Road & Bridge Maint	-	-	-	155,242	155,242
Total Restricted	<u>-</u>	<u>60,349</u>	<u>2,319,888</u>	<u>177,594</u>	<u>2,557,831</u>
Unassigned	<u>189,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,686</u>
Total Fund Balances	<u>\$189,686</u>	<u>\$ 60,349</u>	<u>\$ 2,319,888</u>	<u>\$ 177,594</u>	<u>\$2,747,517</u>

10. JOINTLY GOVERNED ORGANIZATION

Liberty Township participates in the LUC Regional Planning Commission which is a statutorily created political subdivision of the State. The Commission is jointly governed among Logan, Union and Champaign Counties, and the cities of Bellefontaine, Marysville, and Urbana. Each member's control over the operation of the commission is limited to its representation on the Board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions and services of the entities involved. The Township did not make a contribution in 2020. Due to the 2010 census, Union County has become the fiscal agent for the Commission in 2012. Additional information may be obtained by writing to the LUC Regional Planning Commission, PO Box 141, East Liberty, Ohio 43319.

11. ACCOUNTABILITY AND COMPLIANCE

Contrary to ORC 5705.39, in 2020, the General Fund and Coronavirus Relief Fund had appropriations exceeding estimated resources.

Contrary to ORC 5705.41(B), in 2020 the Coronavirus Relief Fund had expenditures exceeding appropriations.

12. COVID-19

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. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Township received \$248,453 as an on-behalf grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

**LIBERTY TOWNSHIP
UNION COUNTY**

**STATEMENT OF NET POSITION-CASH BASIS
December 31, 2019**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 2,576,305</u>
Total Assets	<u>\$ 2,576,305</u>
NET POSITION:	
Restricted for:	
Capital Projects	\$ 883
Other Purposes	2,456,354
Unrestricted	<u>119,068</u>
Total Net Position	<u><u>\$ 2,576,305</u></u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
UNION COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Cash</u> <u>Disbursements</u>	<u>Charges for</u> <u>Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Net</u> <u>(Disbursements)</u> <u>Receipts and</u> <u>Changes in</u> <u>Net Assets</u>
Governmental Activities:					
General Government	\$ 147,003	\$ -	\$ -	\$ -	\$ (147,003)
Public Safety	729,585	473,427	-	-	(256,158)
Public Works	135,990	-	125,379	-	(10,611)
Health	8,759	9,150	-	-	391
Conservation-Recreation	668	-	-	-	(668)
Capital Outlay	32,724	-	-	-	(32,724)
Total Governmental Activities	<u>\$ 1,054,729</u>	<u>\$ 482,577</u>	<u>\$ 125,379</u>	<u>\$ -</u>	<u>\$ (446,773)</u>

General Receipts:

Property Taxes Levied for:	
General Purposes	595,648
Grants and Entitlements not	
Restricted to Specific Programs	138,350
Miscellaneous	51,935
Interest	35,434
Total General Receipts	<u>821,367</u>
Change in Net Position	374,594
Net Position Beginning of Year, restated	<u>2,201,711</u>
Net Position End of Year	<u>\$ 2,576,305</u>

See notes to the basic financial statements.

**LIBERTY TOWNSHIP
UNION COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2019**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Special Fire Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Equity in Pooled Cash and Cash Equivalents	\$ 119,068	\$ 83,777	\$ 2,343,482	\$ 29,978	\$ 2,576,305
Total Assets	<u>\$ 119,068</u>	<u>\$ 83,777</u>	<u>\$ 2,343,482</u>	<u>\$ 29,978</u>	<u>\$ 2,576,305</u>
Fund Balances:					
Restricted	-	83,777	2,343,482	29,978	2,457,237
Unassigned	119,068	-	-	-	119,068
Total Fund Balances	<u>\$ 119,068</u>	<u>\$ 83,777</u>	<u>\$ 2,343,482</u>	<u>\$ 29,978</u>	<u>\$ 2,576,305</u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
December 31, 2019**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Special Fire Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CASH RECEIPTS					
Property and Other Local Taxes	\$ 87,374	\$ -	\$ 508,274	\$ -	\$ 595,648
Charges for Services	-	-	473,427	-	473,427
Licenses, Permits and Fees	6,011	-	-	5,400	11,411
Fines and Forfeitures	4,687	-	-	-	4,687
Intergovernmental	50,562	125,379	70,836	4,596	251,373
Special Assessments	-	-	-	5,408	5,408
Earnings on Investment	35,434	-	-	-	35,434
Miscellaneous	17,592	3,161	27,024	3,750	51,527
Total Receipts	<u>201,660</u>	<u>128,540</u>	<u>1,079,561</u>	<u>19,154</u>	<u>1,428,915</u>
CASH DISBURSEMENTS:					
Current:					
General Government	140,003	-	7,000	-	147,003
Public Safety	-	-	729,585	-	729,585
Public Works	21,058	107,672	-	7,260	135,990
Health	7,276	-	-	1,483	8,759
Conservation-Recreation	668	-	-	-	668
Capital Outlay	-	-	28,624	4,100	32,724
Total Disbursements	<u>169,005</u>	<u>107,672</u>	<u>765,209</u>	<u>12,843</u>	<u>1,054,729</u>
Excess of Receipts Over(Under) Disbursements	32,655	20,868	314,352	6,311	374,186
Other Financing Sources (Uses)					
Other Financing Sources	408	-	-	-	408
Total Other Financing Sources (Uses)	<u>408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>408</u>
Net Change in Fund Cash Balance	33,063	20,868	314,352	6,311	374,594
Cash Fund Balances Beginning of Year, Restated	<u>86,005</u>	<u>62,909</u>	<u>2,029,130</u>	<u>23,667</u>	<u>2,201,711</u>
Cash Fund Balances End of Year	<u>\$ 119,068</u>	<u>\$ 83,777</u>	<u>\$ 2,343,482</u>	<u>\$ 29,978</u>	<u>\$ 2,576,305</u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 92,000	\$ 92,000	\$ 87,374	\$ (4,626)
Licenses, Permits and Fees	5,500	5,500	6,011	511
Fines and Forfeitures	6,500	6,500	4,687	(1,813)
Intergovernmental	40,440	40,440	50,562	10,122
Earnings on Investments	15,000	15,000	35,434	20,434
Miscellaneous	14,100	14,100	17,592	3,492
Total Receipts	<u>173,540</u>	<u>173,540</u>	<u>201,660</u>	<u>28,120</u>
CASH DISBURSEMENTS:				
Current:				
General Government	176,400	176,400	140,633	35,767
Public Safety	2,000	2,000	-	2,000
Public Works	32,500	32,500	21,058	11,442
Health	70,500	70,500	7,276	63,224
Conservation-Recreation	19,039	19,039	668	18,371
Capital Outlay	7,786	7,786	-	7,786
Total Disbursements	<u>308,225</u>	<u>308,225</u>	<u>169,635</u>	<u>138,590</u>
Excess of Receipts Over (Under) Disbursements	(134,685)	(134,685)	32,025	166,710
Other Financing Sources (Uses)				
Other Financing Sources	-	-	408	408
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>408</u>	<u>408</u>
Net Change in Fund Cash Balance	(134,685)	(134,685)	32,433	167,118
Unencumbered Cash Fund Balances Beginning of Year	<u>86,005</u>	<u>86,005</u>	<u>86,005</u>	<u>-</u>
Prior Year Encumbrances Appropriated	-	-	-	-
Unencumbered Cash Fund Balances End of Year	<u>\$ (48,680)</u>	<u>\$ (48,680)</u>	<u>\$ 118,438</u>	<u>\$ 167,118</u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 19,000	\$ 19,000	\$ -	\$ (19,000)
Intergovernmental	81,999	81,999	125,379	43,380
Miscellaneous	1,000	1,000	3,161	2,161
Total Receipts	<u>101,999</u>	<u>101,999</u>	<u>128,540</u>	<u>26,541</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	164,908	164,908	108,351	56,557
Total Disbursements	<u>164,908</u>	<u>164,908</u>	<u>108,351</u>	<u>56,557</u>
Net Change in Cash Fund Balance	(62,909)	(62,909)	20,189	83,098
Unencumbered Cash Fund Balances Beginning of Year	<u>62,809</u>	<u>62,809</u>	<u>62,809</u>	<u>-</u>
Prior Year Encumbrances Appropriated	100	100	100	-
Unencumbered Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,098</u>	<u>\$ 83,098</u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
SPECIAL FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 453,000	\$ 453,000	\$ 508,274	\$ 55,274
Charges for Services	526,832	526,832	473,427	(53,405)
Intergovernmental	65,000	65,000	70,836	5,836
Miscellaneous	4,000	4,000	27,024	23,024
Total Receipts	<u>1,048,832</u>	<u>1,048,832</u>	<u>1,079,561</u>	<u>30,729</u>
CASH DISBURSEMENTS:				
Current:				
General Government	7,000	7,000	7,000	-
Public Safety	960,025	960,025	731,958	228,067
Capital Outlay	2,057,637	2,057,637	28,624	2,029,013
Total Disbursements	<u>3,024,662</u>	<u>3,024,662</u>	<u>767,582</u>	<u>2,257,080</u>
Net Change in Cash Fund Balance	(1,975,830)	(1,975,830)	311,979	2,287,809
Unencumbered Cash Fund Balances Beginning of Year, restated	<u>2,009,005</u>	<u>2,009,005</u>	<u>2,009,005</u>	<u>-</u>
Prior Year Encumbrances Appropriated	20,125	20,125	20,125	-
Unencumbered Cash Fund Balances End of Year	<u>\$ 53,300</u>	<u>\$ 53,300</u>	<u>\$ 2,341,109</u>	<u>\$ 2,287,809</u>

See notes to basic financial statements.

LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

1. DESCRIPTION OF THE REPORTING ENTITY

Reporting Entity

The Township of Liberty, Union County, 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 a publicly elected Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township road and bridges, cemetery maintenance, and fire services. The Township contracts with the Union County Sheriff's Department for police services.

Jointly Governed Organizations

The Township participates a jointly governed organization. See Note 10 to the financial statements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the 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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or service. The Township has no business-type activities.

LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the programs 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 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 management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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 one category: governmental.

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 – The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Fire Levy Fund – This fund receives fire levy tax money and charges for services for the funding of fire and EMS services provided to the residents of Liberty, Taylor and York Townships.

Gasoline Tax Fund – The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note. There were no modifications having substantial support.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected) and certain liabilities (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except agency funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and set limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

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 ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

Township records identify the purchase of specific investments by specific funds.

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

Investments 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 2019 the Township invested in STAR Ohio.

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.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2019 was \$34,434.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent monies restricted for use in regards to road maintenance, cemetery and capital projects.

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.

Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for their 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 postretirement health care benefits.

Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither a other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

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. Net position restricted for other purposes include resources restricted for road maintenance, cemetery and capital projects.

The Township's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance

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

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. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 removes or change the specified use by taking the same type of action (resolution) it employed to previously commit the amounts. 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.

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 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 ordinance, or by State Statute.

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

Internal Activity

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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 cash disbursements to the funds that initially paid for them are not presented on the financial statements.

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance-Budget and Actual-Budgetary Basis presented for the General Fund and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparisons of actual results with the budget. The differences between the budgetary basis and the cash basis are as follows:

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

3. BUDGETARY BASIS OF ACCOUNTING

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis)

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General	Gasoline Tax	Special Fire Levy
Cash Basis	\$ 119,068	\$ 83,777	\$ 2,343,482
End of Year:			
Encumbrances	630	679	2,373
Budget Basis	\$ 118,438	\$ 83,098	\$ 2,341,109

4. DEPOSITS AND INVESTMENTS

Monies held by the Township are classified by State into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuance of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligation described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

4. DEPOSITS AND INVESTMENTS (Continued)

4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligation of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio).
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirement 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 2 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. Except as noted above, 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. Payments 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.

The Township did not have any undeposited cash on hand for 2019.

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, \$523,843 of the Township's bank balance of \$2,603,904 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the township and deposited 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.

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

4. DEPOSITS AND INVESTMENTS (Continued)

Investments:

The fair value of these investments is not materially different than measurement value. As of December 31, 2019, the Township had the investments:

	Measurement Value
STAR Ohio	\$ 438,690
Total Portfolio	\$ 438,690

Credit Risk:

Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

5. PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2019 for real and public utility property taxes represent collections of 2018 taxes.

2018 real property taxes are levied after October 1, 2019, on assessed value at January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

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.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2019, was 3.40 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2019 property tax receipts were based are as follows:

Real Property	\$ 57,375,900
Public Utility Personal Property	<u>3,194,170</u>
Total Assessed Value	<u><u>\$ 60,570,070</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
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

6. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2019, the Township contracted with a company for various types of insurance coverage as follows:

Type of Coverage	Coverage	Deductible
Gladfelter Public Practice Insurance Co.		
Blanket Property and Contents	\$ 2,791,063	\$ 500
Inland Marine	50,000	250
General Liability	3,000,000	500
Automobile Liability	1,000,000	500
Computer Hardware	100,000	-
Computer Software	500,000	500
Gladfelter Public Practice Insurance Co.		
Umbrella Excess Liability	2,000,000	-

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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

7. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Plan Description - Township employees 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 plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that 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, OH 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 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 plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

7. DEFINED BENEFIT PENSION PLAN (Continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C 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
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	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	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
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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.

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

7. DEFINED BENEFIT PENSION PLAN (Continued)

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 provides statutory authority for member and employer contributions as follows:

	State and Local		Public Safety		Law Enforcement	
2019 Statutory Maximum Contribution Rates						
Employer	14.0 %		18.1 %		18.1 %	
Employee ***	10.0 %		*		**	
2019 Actual Contribution Rates						
Employer:						
Pension	14.0 %		18.1 %		18.1 %	
Post-employment Health Care Benefits *****	0.0		0.0		0.0	
Total Employer	14.0 %		18.1 %		18.1 %	
Employee	10.0 %		12.0 %		13.0 %	
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.						
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.						
*** 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.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$19,725 for year 2019.

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

7. DEFINED BENEFIT PENSION PLAN (Continued)

Ohio Police & Fire Pension Fund (OP&F)

Plan Description – Township full-time firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F 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. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F 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 obtaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F 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.

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 July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 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 OP&F 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 OP&F 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, will receive a COLA equal to either three percent or the percentage increase, if any, in the consumer price index over the 12 month period ending on September 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3 percent of their base pension or disability benefit.

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

7. DEFINED BENEFIT PENSION PLAN (Continued)

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

	Police		Firefighters	
2019 Statutory Maximum Contribution Rates				
Employer	19.50	%	24.00	%
Employee:				
January 1, 2019 through December 31, 2019	12.25	%	12.25	%
2019 Actual Contribution Rates				
Employer:				
Pension	19.00	%	23.50	%
Post-employment Health Care Benefits	0.50		0.50	
Total Employer	19.50	%	24.00	%
Employee:				
January 1, 2019 through December 31, 2019	12.25	%	12.25	%

Employer contribution rates are expressed as a percentage of covered payroll. The Village’s contractually required contribution to OP&F was \$9,916 for 2019.

Social Security

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

The employee 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, 2019.

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. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

8. POSTEMPLOYMENT BENEFITS (Continued)

In order to qualify for post-employment 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 Postemployment 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.

Disclosures for the health care plan are presented separately on 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 post retirement 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% of earnable salary and Public Safety and Law Enforcement employers contributed at a rate at 18.1%. 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 of Trustees determines the portion of the employer contributions rate will be set aside to fund health care plans. For 2019, OPERS did not allocate any employer contribution 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 2019 was 4.0 percent.

Employer contribution rates are actuarially determined are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$5,636.

Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined postemployment 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. On January 1, 2019, OP&F implemented a new model health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for healthcare and Medicare Part B reimbursements.

**LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

8. POSTEMPLOYMENT BENEFITS (Continued)

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F 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 OP&F 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 contributions requirements of the participating employers and of plan members to the OP&F 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 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contributions may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total 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.

The OP&F 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.

The Township's contractually required contribution to OP&F was \$405.

LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

9. 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 governmental funds. The constraints placed on fund balance for major governmental funds and all other governmental funds as of December 31, 2019 are presented below:

Fund Balance	General	Gasoline Tax	Fire Levy	Other Gov. Funds	Total
Restricted					
Fire and EMS	\$ -	\$ -	\$ 2,343,482	\$ -	\$2,343,482
Cemetery	-	-	-	11,540	11,540
Street Lights	-	-	-	8,794	8,794
Road & Bridge Maint	-	83,777	-	9,644	93,421
Total Restricted	<u>-</u>	<u>83,777</u>	<u>2,343,482</u>	<u>29,978</u>	<u>2,457,237</u>
Unassigned	119,068	-	-	-	119,068
Total Fund Balances	<u>\$119,068</u>	<u>\$ 83,777</u>	<u>\$ 2,343,482</u>	<u>\$ 29,978</u>	<u>\$2,576,305</u>

10. JOINTLY GOVERNED ORGANIZATION

Liberty Township participates in the LUC Regional Planning Commission which is a statutorily created political subdivision of the State. The Commission is jointly governed among Logan, Union and Champaign Counties, and the cities of Bellefontaine, Marysville, and Urbana. Each member's control over the operation of the commission is limited to its representation on the Board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions and services of the entities involved. The Township made contributions totaling \$1,661 in 2019. Due to the 2010 census, Union County has become the fiscal agent for the Commission in 2012. Additional information may be obtained by writing to the LUC Regional Planning Commission, PO Box 141, East Liberty, Ohio 43319.

11. ACCOUNTABILITY AND COMPLIANCE

Contrary to ORC 5705.39, in 2019, the General Fund had appropriation exceeding estimated resources.

12. SUBSEQUENT EVENTS

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. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

LIBERTY TOWNSHIP
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

13. RESTATEMENT OF FUND BALANCE

Fund balance in the Fire Levy Fund has been restated for the year beginning January 1, 2019 as voided checks were added back:

	Fire Levy Fund
Fund Balance at December 31, 2018	<u>\$ 2,024,510</u>
Adjustments	<u>4,620</u>
Fund Balance at January 1, 2019	<u><u>\$ 2,029,130</u></u>

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Liberty Township
Union County
26144 Coder Holloway Road
Raymond, Ohio 43067

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty Township, Union County as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated April 7, 2021, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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 and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be material weaknesses. We consider finding 2020-001 and 2020-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether Liberty 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 financial statements. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed three instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2020-002, 2020-003 and 2020-004.

Entity's Response to Finding

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
April 7, 2021

**LIBERTY TOWNSHIP
UNION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001

Material Weakness – Reclassifications

All local offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

As a result of audit procedures, errors were noted that required reclassification and adjustment to the financial statements as follows which have been made to the financial statements and accounting records:

The following is related to 2020:

- A reclassification was made to increase Intergovernmental Revenue and decrease Property and Other Local taxes in the amount of \$10,344 in the General Fund for rollbacks.
- A reclassification was made to increase Intergovernmental Revenue and decrease Other Financing Sources in the amount of \$2,196 in the General Fund for grant monies.
- A reclassification was made to increase Intergovernmental Revenue and decrease Property and Other Local taxes in the amount of \$34,732 in the Special Fire Levy Fund for rollbacks.
- A reclassification was made to increase capital Outlay and decrease Public Safety in the amount of \$163,448 in the Coronavirus Fund for assets purchased.
- A reclassification was made to increase Intergovernmental Revenue and decrease Property and Other Local Taxes in the amount of \$19,606 in the Gasoline Tax Fund for gas tax received.
- The footnotes filed in the Hinkle system were adjusted to agree with OCBOA notes.

**LIBERTY TOWNSHIP
UNION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001 (CONTINUED)

The following is related to 2019:

- A reclassification was made to increase Intergovernmental Revenue and decrease Property and Other Local taxes in the amount of \$9,766 in the General Fund for rollbacks.
- A reclassification was made to Increase Intergovernmental Revenue and decrease Other Financing Sources in the amount of \$2,105 in the General Fund for grant monies.
- A reclassification was made to increase Intergovernmental Revenue and decrease Property and Other Local taxes in the amount of \$33,521 in the Special Fire Levy Fund for rollbacks.
- A reclassification was made to increase Capital Outlay and decrease Public Safety in the amount of \$14,935 in the Special Fire Levy Fund for assets purchased.
- A reclassification was made to increase Intergovernmental Revenue and decrease Property and Other Local Taxes in the amount of \$21,073 in the Gasoline Tax Fund for gas tax received.
- The footnotes filed in the Hinkle system were adjusted to agree with OCBOA notes.

Client Response: We will try and properly post all revenue in the future.

FINDING NUMBER 2020-002

Noncompliance and Material Weakness

Ohio Rev. Code § 507.09 provides that a fiscal officer must document the amount of time the fiscal officer spends providing services related to each fund by certification specifying the percentage of time spent working on matters to be paid from the township general fund or from other township funds in such proportions as the kinds of services performed. Furthermore, ORC 505.24(D) provides that when township trustees' compensation consists of an annual salary to be paid in equal monthly payments, each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportion as the kinds of services performed

During 2019, unsupported Fiscal Officer and Trustee salaries posted to the Special Fire Levy Fund totaled \$9,748. We brought this to management's attention. The Township corrected the General and Special Levy funds for this item.

Client Response: The Township has posted the entries to correct this issue and now pays all officials from the General Fund.

**LIBERTY TOWNSHIP
UNION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-003

Noncompliance – Appropriations Exceeding Estimated Resources

Ohio Revised Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenues available for expenditure as certified by the budget commission. In addition, no appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total estimate or amended official estimate.

			Estimated		
Fund	Year		Resources		Appropriations
General	2020	\$	309,478	\$	319,227
Coronavirus Relief	2020		-		237,752
General	2019		259,546		308,225
					Variance
					\$ (9,749)
					(237,752)
					(48,679)

We recommend the Township review estimated resources versus appropriations throughout the year. Also, Trustees should not approve appropriations greater than estimated resources. This could result in the Township spending more money than it receives and could cause possible negative fund balances.

Client Response: We will review during year and make appropriate changes if necessary.

FINDING NUMBER 2020-004

Noncompliance – Expenditures Exceeding Appropriations

Ohio Revised Code Section 5705.41 (B) states no subdivision or taxing unit is to expend money unless it has been appropriated. The Township had the following funds which had expenditures greater than appropriation authority.

			Appropriation		
Fund	Year		Authority		Expenditures
Coronavirus Relief	2020	\$	237,752	\$	252,315
					Variance
					\$ (14,563)

We recommend the Township review expenditures versus appropriation authority throughout the year. Also, Trustees should not approve expenditures greater than appropriations. This results in the Township spending more money than it appropriated and could cause possible negative fund balances.

Client Response: We will review during year and make appropriate changes if necessary.

**LIBERTY TOWNSHIP
UNION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2018-001	Material Weakness Financial Reporting	No	Not Corrected- Refer to Finding 2020-001
2018-002	Material Weakness Noncompliance ORC 507.09 payroll	No	Partially Corrected-Refer to Finding 2020-002. 2019 only.

OHIO AUDITOR OF STATE KEITH FABER



LIBERTY TOWNSHIP

UNION 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 7/6/2021

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