



**LIBERTY TOWNSHIP
TRUMBULL COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2021 - 2020**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

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OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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(800) 282-0370

Board of Trustees
Liberty Township
1315 Churchill-Hubbard Road
Youngstown, Ohio 44505

We have reviewed the *Independent Auditor's Report* of Liberty Township, Trumbull County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

February 16, 2023

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LIBERTY TOWNSHIP
TRUMBULL COUNTY

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INDEPENDENT AUDITOR'S REPORT

Liberty Township
Trumbull County
1315 Churchill-Hubbard Road
Youngstown, Ohio 44505

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Liberty Township, Trumbull County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2021 and 2020, or the changes in financial position thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 12 to the financial statements, in 2020 the Township adopted a change in accounting principle and removed the fund balance classification from the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. We did not modify our opinions regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

December 22, 2022

**LIBERTY TOWNSHIP
TRUMBULL COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 354,727	\$ 4,608,325	\$ -	\$ 4,963,052
Charges for Services	-	408,955	-	408,955
Licenses, Permits and Fees	216,932	5,785	-	222,717
Fines and Forfeitures	1,874,890	110,472	-	1,985,362
Intergovernmental	39,028	1,514,478	-	1,553,506
Special Assessments	-	133,802	-	133,802
Earnings on Investments	8,109	762	-	8,871
Miscellaneous	110,728	199,024	-	309,752
<i>Total Cash Receipts</i>	<u>2,604,414</u>	<u>6,981,603</u>	<u>-</u>	<u>9,586,017</u>
Cash Disbursements				
Current:				
General Government	874,547	7	-	874,554
Public Safety	1,779	5,229,855	-	5,231,634
Public Works	43,699	855,251	-	898,950
Health	790	16,886	-	17,676
Conservation-Recreation	50,125	-	-	50,125
Capital Outlay	769,526	571,693	-	1,341,219
Debt Service:				
Principal Retirement	-	147,738	-	147,738
Interest and Fiscal Charges	-	17,262	-	17,262
<i>Total Cash Disbursements</i>	<u>1,740,466</u>	<u>6,838,692</u>	<u>-</u>	<u>8,579,158</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>863,948</u>	<u>142,911</u>	<u>-</u>	<u>1,006,859</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	240,057	-	240,057
Transfers In	-	978,913	-	978,913
Transfers Out	(978,913)	-	-	(978,913)
Advances In	10	10	-	20
Advances Out	(10)	(10)	-	(20)
Other Financing Sources	371	-	-	371
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(978,542)</u>	<u>1,218,970</u>	<u>-</u>	<u>240,428</u>
<i>Net Change in Fund Cash Balances</i>	(114,594)	1,361,881	-	1,247,287
<i>Fund Cash Balances, January 1</i>	<u>1,385,658</u>	<u>3,067,153</u>	<u>1,327</u>	<u>4,454,138</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,271,064</u>	<u>\$ 4,429,034</u>	<u>\$ 1,327</u>	<u>\$ 5,701,425</u>

See accompanying notes to the basic financial statements

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

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Liberty Township, Trumbull County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, zoning, parks, police protection, fire protection and emergency medical services.

If the Township was placed in Fiscal Caution on October 3, 2013, by the Auditor of State's Office, pursuant to Ohio Revised Code Section 118.025(A). As of December 31, 2021, the Township's General Fund and Police District Fund balance is a positive \$1,271,064 and \$1,379,451, respectively. The Township's plan to increase the fund balance in the General Fund and Police District Fund is to try to decrease disbursements and increase revenue.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 7 to the financial statements provide additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Township uses funds 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 presented below:

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

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Police District Fund This fund receives property tax money for the general operation of the police department.

Fire District Fund This fund receives property tax money for the general operation of the fire department.

Road and Bridge Fund This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Lighting Assessment Fund This fund receives property tax money for lighting streets and public areas in the Township.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2021

American Rescue Plan Fund This fund receives money from the federal American Rescue Plan to address the impact of COVID-19.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

Public Works Commission Fund The Township received money from the State of Ohio for 2021 road improvement projects.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2021 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Accumulated Leave

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

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 Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Cemetery, Ambulance and Emergency Medical, and Lighting Assessment fund by \$1,986, \$19,751, and \$20,627 for the year ended December 31, 2021, respectively.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,693,254	\$ 2,604,785	\$ 911,531
Special Revenue	6,866,783	8,200,573	1,333,790
Total	\$ 8,560,037	\$ 10,805,358	\$ 2,245,321

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,933,737	\$ 2,724,324	\$ 209,413
Special Revenue	8,235,354	6,879,054	1,356,300
Capital Projects	1,286	-	1,286
Total	\$ 11,170,377	\$ 9,603,378	\$ 1,566,999

Note 5 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Township also has segregated accounts, which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. A summary of the Township's deposit and investment accounts are as follows:

	2021
Cash Management Pool:	
Demand deposits	\$ 5,701,425
Total deposits	\$ 5,701,425
 Segregated Accounts - Not held in the Pool:	
Retainage Accounts (Not held in the Pool)	\$ 240,037
Total Outside Accounts	\$ 240,037

The Township also has accounts held outside of the deposit pool for retainage related to construction contracts and for monies held in accordance with debt agreements. The amount held in an escrow account for a debt agreement is \$240,037.

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$32,406 in unremitted employee payroll withholdings.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through 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.

At December 31, 2021, \$3,007,809 of deposits were not insured or collateralized due to reduced collateral through OPCS.

Note 6 – Property Taxes

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

Public utilities are also taxed on personal and real property located within the Township.

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

Note 7 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Workers' Compensation

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

Township certified Fire Fighters and Paramedics belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 10 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time Fire Fighter's and Paramedic members' wages. The Township has paid all contributions required through December 31, 2021.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC CF12N-Arbor Circle/Goldie Road	\$ 160,781	0.00%
Ambulance Lease	10,268	3.99%
2018 Ford E35 Medix RP90 Ambulance	33,401	5.25%
Pumper Fire Truck	399,780	3.14%
OPWC - CF23W - Road Loan - 2019	1,358,357	0.00%
(2) 2022 International HV507 Snowplow Dump Trucks	240,057	2.70%
Total	<u>\$ 2,202,644</u>	

The OPWC loan for Arbor Circle was fully disbursed during 2018 and will be amortized on a semi-annual basis beginning January 2019 over a Twenty (20) year term with payments of \$9,187 per year.

In 2017, the Township entered into a Master-Lease Purchase agreement with TCF Equipment Finance for a 2017 Medix RP90 Ambulance for \$95,978. The lease is for ten years and is paid from the Ambulance and Emergency Medical Services Fund semiannually.

In 2018, the Township entered into a Master-Lease Purchase agreement with TCF Equipment Finance for a 2018 Medix RP90 Ambulance for \$104,618. The lease is for five years and is paid from the Ambulance and Emergency Medical Services Fund semiannually.

In 2019, the Township entered into a Master Lease Purchase agreement with First National Bank Leasing for a 2019 Pumper Fire Truck for \$485,000. The lease is for ten years and is payable from the Fire District fund semi-annually.

The Township issued general obligation notes through OPWC to finance the pavement of roads. The loan was fully disbursed during 2021 and will be amortized on a semi-annual basis beginning July 2021 over a Twelve (12) year term with payments of \$118,118 per year from the Road and Bridge fund. The Township's taxing authority collateralized the notes.

In 2021, the Township entered into a Municipal-Lease Purchase agreement with F.N.B Equipment Finance for two (2) 2022 International HV507 Snowplow Dump Trucks for \$240,057. The lease is for seven years and the first payment is due April 2022.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Amortization

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

Year Ending December 31:	OPWC CF12N-Arbor Circle/Goldie Road	Ambulance	2018 Ford E350 Mediz RP90 Ambulance	Pumper Fire Truck	OPWC - CF23W - Road Loan - 2019	(2) 2022 International HV507 Snowplow Dump Trucks
2022	\$ 9,187	\$ 10,474	\$ 23,446	\$ 56,954	\$ 118,118	\$ 38,169
2023	9,187	-	11,723	56,954	118,118	38,169
2024	9,187	-	-	56,954	118,118	38,169
2025	9,187	-	-	56,954	118,118	38,169
2026	9,187	-	-	56,954	118,118	38,169
2027-2031	45,937	-	-	170,862	590,590	76,338
2032-2036	36,750	-	-	-	177,177	-
Total	<u>\$ 160,781</u>	<u>\$ 10,474</u>	<u>\$ 35,169</u>	<u>\$ 455,632</u>	<u>\$ 1,358,357</u>	<u>\$ 267,183</u>

Note 11 – Contingent Liabilities

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 4,945	\$ 40,362	\$ 45,307
Total	<u>\$ 4,945</u>	<u>\$ 40,362</u>	<u>\$ 45,307</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**LIBERTY TOWNSHIP
TRUMBULL COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 252,147	\$ 4,565,023	\$ -	\$ 4,817,170
Charges for Services	-	345,162	-	345,162
Licenses, Permits and Fees	233,017	6,350	-	239,367
Fines and Forfeitures	1,842,946	118,631	-	1,961,577
Intergovernmental	157,443	1,554,644	-	1,712,087
Special Assessments	-	131,765	-	131,765
Earnings on Investments	11,734	1,533	-	13,267
Miscellaneous	40,367	370,848	-	411,215
<i>Total Cash Receipts</i>	<u>2,537,654</u>	<u>7,093,956</u>	<u>-</u>	<u>9,631,610</u>
Cash Disbursements				
Current:				
General Government	848,540	133,430	-	981,970
Public Safety	1,787	4,866,989	-	4,868,776
Public Works	10,603	1,099,934	-	1,110,537
Health	1,185	14,900	-	16,085
Conservation-Recreation	19,500	4,608	-	24,108
Capital Outlay	520,465	140,555	190,682	851,702
Debt Service:				
Principal Retirement	-	112,314	-	112,314
Interest and Fiscal Charges	-	21,064	-	21,064
<i>Total Cash Disbursements</i>	<u>1,402,080</u>	<u>6,393,794</u>	<u>190,682</u>	<u>7,986,556</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,135,574</u>	<u>700,162</u>	<u>(190,682)</u>	<u>1,645,054</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	-	190,682	190,682
Transfers In	-	760,533	-	760,533
Transfers Out	(760,533)	-	-	(760,533)
Advances In	200,000	200,000	-	400,000
Advances Out	(200,000)	(200,000)	-	(400,000)
Other Financing Uses	(801)	-	-	(801)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(761,334)</u>	<u>760,533</u>	<u>190,682</u>	<u>189,881</u>
<i>Net Change in Fund Cash Balances</i>	374,240	1,460,695	-	1,834,935
<i>Fund Cash Balances, January 1</i>	<u>1,011,418</u>	<u>1,606,458</u>	<u>1,327</u>	<u>2,619,203</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,385,658</u>	<u>\$ 3,067,153</u>	<u>\$ 1,327</u>	<u>\$ 4,454,138</u>

See accompanying notes to the basic financial statements

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Liberty Township, Trumbull County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, zoning, parks, police protection, fire protection and emergency medical services.

If the Township was placed in Fiscal Caution on October 3, 2013, by the Auditor of State's Office, pursuant to Ohio Revised Code Section 118.025(A). As of December 31, 2020, the Township's General Fund and Police District Fund balance is a positive \$1,385,658 and \$1,203,833, respectively. The Township's plan to increase the fund balance in the General Fund and Police District Fund is to try to decrease disbursements and increase revenue.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which are all organized on a fund type basis.

Fund Accounting

The Township uses funds 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 presented below:

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

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Police District Fund This fund receives property tax money for the general operation of the police department.

Fire District Fund This fund receives property tax money for the general operation of the fire department.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

Public Works Commission Fund The Township received money from the State of Ohio for a waste water project on Arbor Circle/Goldie Road and a 2020 road improvement project.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,365,358	\$ 2,537,654	\$ 1,172,296
Special Revenue	6,996,637	7,854,489	857,852
Capital Projects	190,682	190,682	-
Total	\$ 8,552,677	\$ 10,582,825	\$ 2,030,148

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2020

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,186,648	\$ 2,166,857	\$ 19,791
Special Revenue	7,425,876	6,413,104	1,012,772
Capital Projects	190,682	190,682	-
Total	\$ 9,803,206	\$ 8,770,643	\$ 1,032,563

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2020
Cash Management Pool:	
Demand deposits	\$ 4,454,138
Total deposits	\$ 4,454,138

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through 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.

Note 5 – Property Taxes

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

Public utilities are also taxed on personal and real property located within the Township.

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

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

2020

Cash and investments	\$36,348,066
Actuarial liabilities	\$10,894,146

Workers' Compensation

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

Township certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Social Security

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

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

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
OPWC CF12N-Arbor Circle/Goldie Road	\$ 165,374	0.00%
Ambulance Lease	30,207	3.99%
2018 Ford E35 Medix RP90 Ambulance	54,268	5.25%
Pumper Fire Truck	443,059	3.14%
OPWC - CF23W - Road Loan - 2019	1,417,417	0.00%
Total	\$ 2,110,325	

The OPWC loan for Arbor Circle was fully disbursed during 2018 and will be amortized on a semi-annual basis beginning January 2019 over a Twenty (20) year term with payments of \$9,187 per year.

In 2017, the Township entered into a Master-Lease Purchase agreement with TCF Equipment Finance for a 2017 Medix RP90 Ambulance for \$95,978. The lease is for ten years and is paid from the Ambulance and Emergency Medical Services Fund semiannually. During the 2020 audit we noted the beginning balance of this lease was not correct. The beginning balance as of January 1, 2020 was \$49,372 instead of \$48,983 as noted in the prior audit report.

In 2017, the Township entered into a Master-Lease Purchase agreement with FNB Commercial Leasing for a 2017 Bobcat T650 T4 Compact Track Loader and a 2017 Bobcat E45 T4 Compact Excavator for \$103,678. The lease is for four years and is paid from the Road and Bridge Fund semiannually. This lease was paid off in 2020 with the final payment of \$26,800 towards principal and \$638 towards interest.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2020

In 2018, the Township entered into a Master-Lease Purchase agreement with TCF Equipment Finance for a 2018 Medix RP90 Ambulance for \$104,618. The lease is for five years and is paid from the Ambulance and Emergency Medical Services Fund semiannually. During the 2020 audit we noted the beginning balance of this lease was not correct. The beginning balance as of January 1, 2020 was \$74,082 instead of \$74,472 as noted in the prior audit report.

In 2019, the Township entered into a Master Lease Purchase agreement with First National Bank Leasing for a 2019 Pumper Fire Truck for \$485,000. The lease is for ten years and is payable from the Fire District fund semi-annually.

The Township issued general obligation notes through OPWC to finance the pavement of roads. The Township's taxing authority collateralized the notes. The notes will be paid semiannually from the Road and Bridge Fund. This loan has not been fully disbursed yet and no amortization schedule is currently available.

Amortization

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

Year Ending December 31:	OPWC		2018 Ford	
	CF12N-Arbor Circle/Goldie Road	Ambulance	E350 Mediz RP90 Ambulance	Pumper Fire Truck
2021	\$ 9,187	\$ 20,946	\$ 23,446	\$ 56,954
2022	9,187	10,473	23,446	56,954
2023	9,187	-	11,724	56,954
2024	9,187	-	-	56,954
2025	9,187	-	-	56,954
2026-2030	45,937	-	-	227,816
2031-2035	45,937	-	-	-
2036-2040	27,565	-	-	-
Total	\$ 165,374	\$ 31,419	\$ 58,616	\$ 512,586

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Liberty Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 3,443	\$ 19,310	\$ 22,753
Total	<u>\$ 3,443</u>	<u>\$ 19,310</u>	<u>\$ 22,753</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – Change in Accounting Principle

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



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

Liberty Township
Trumbull County
1315 Churchill-Hubbard Road
Youngstown, Ohio 44505

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Liberty Township, Trumbull County, (the Township) and have issued our report thereon dated December 22, 2022, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the Township adopted a change in accounting principle and removed the fund balance classification from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Tax - Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations
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Report on Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of audit findings as items 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit findings as item 2021-002.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

December 22, 2022

LIBERTY TOWNSHIP
TRUMBULL COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021-2020

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

FINDING NUMBER 2021-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. The Township should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Township's financial statements. The Township did not always accurately post receipts and disbursements to the Township's accounting system. The following errors were noted:

- In 2020, debt proceeds were recorded as Intergovernmental instead of Other Debt Proceeds for the OPWC loan.
- In 2020, capital outlay and debt proceeds were not posted to the accounting system for the OPWC loan.
- In 2021, capital outlay and debt proceeds were not posted to the accounting system for the snowplow truck loan.
- In 2021, the client's system amount for reserve for encumbrances did not match their fund balance footnote disclosure.
- In 2020, no fund balance footnote disclosure was included.
- In 2020, fines and forfeitures were recorded as Miscellaneous in the Police fund instead of Fines and forfeitures in the General fund.
- In 2021, Special Assessment revenue was recorded as General fund Miscellaneous instead of Special Assessments.
- In 2021, Ohio Homestead and Rollbacks were recorded as property and other local taxes instead of intergovernmental in the Road and Bridge, Police District, and Fire District funds.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassification and adjusting entries. The Financial Statements reflect all reclassifications and adjustments. The Township has made these adjustments to their accounting system.

The following reclassifications were inconsequential to the overall financial statements of the Township for December 31, 2021 and 2020 and were not posted to the financial statements or ledgers:

- In 2021, Ohio Homestead and Rollbacks were recorded as property and other local taxes instead of intergovernmental in the General Fund.

Corrections were also made to the notes to the financial statements both to correct errors and to adjust for audit adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

LIBERTY TOWNSHIP
TRUMBULL COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021-2020

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

FINDING NUMBER 2021-001 (Continued)

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Official's Response – We did not receive a response from Officials to this finding.

FINDING NUMBER 2021-002

Noncompliance

Ohio Rev. Code § 5705.41(B) provides that no subdivision or taxing unit is to expend money unless it has been appropriated.

At the end of 2021, the Township's disbursements exceeded appropriations for the following:

- Cemetery Fund in the amount of \$1,986,
- Ambulance and Emergency Medical Fund in the amount of \$19,751,
- Lighting Assessment Fund in the amount of \$20,627,

The Township should amend the budget if available to help ensure disbursements do not exceed appropriations.

Official's Response – We did not receive a response from Officials to this finding.

**LIBERTY TOWNSHIP
TRUMBULL COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Posting Receipts and Disbursements	Not Corrected	Repeated as Finding number 2021-001
2019-002	Ohio Revised Code Section 5705.41(B)	Not Corrected	Repeated as Finding number 2021-002

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OHIO AUDITOR OF STATE KEITH FABER



LIBERTY TOWNSHIP

TRUMBULL 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 2/28/2023

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