



Dave Yost • Auditor of State



**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

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# Dave Yost • Auditor of State

Liberty Township  
Delaware County  
10104 Brewster Lane, Suite 125  
Powell, Ohio 43065

To the Board of Trustees:

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

A handwritten signature in black ink that reads "Robert R. Hinkle".

**Robert R. Hinkle, CPA, CGFM**  
Chief Deputy Auditor

August 17, 2012

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Liberty Township  
Delaware County  
10104 Brewster Lane, Suite 125  
Powell, Ohio 43065

To the Board of Trustees:

We have audited the accompanying financial statements of Liberty Township, Delaware County, Ohio, (the Township) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of Liberty Township, Delaware County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011, Liberty Township, Delaware County, Ohio, adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Township's financial statement taken as a whole. The 2011 federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Robert R. Hinkle, CPA, CGFM  
Chief Deputy Auditor

August 17, 2012

**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

|   | <u>Governmental Fund Types</u> |                        |                     |                         | Totals                   |
|---|--------------------------------|------------------------|---------------------|-------------------------|--------------------------|
|   | <u>General</u>                 | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>(Memorandum Only)</u> |
| <b>Cash Receipts</b>                                  |                                |                        |                     |                         |                          |
| Property and Other Local Taxes                        | \$ 984,055                     | \$ 6,092,180           | \$ 475,907          | \$ -                    | \$ 7,552,142             |
| Charges for Services                                  | -                              | 226,377                | -                   | -                       | 226,377                  |
| Licenses, Permits and Fees                            | 253,458                        | 11,598                 | -                   | -                       | 265,056                  |
| Intergovernmental                                     | 924,957                        | 1,745,959              | 61,279              | -                       | 2,732,195                |
| Earnings on Investments                               | 3,258                          | 69                     | -                   | -                       | 3,327                    |
| Miscellaneous   | 19,701                         | 44,141                 | -                   | 80,198                  | 144,040                  |
| <i>Total Cash Receipts</i>                            | <u>2,185,429</u>               | <u>8,120,324</u>       | <u>537,186</u>      | <u>80,198</u>           | <u>10,923,137</u>        |
| <b>Cash Disbursements</b>                             |                                |                        |                     |                         |                          |
| Current:  |                                |                        |                     |                         |                          |
| General Government                                    | 1,058,881                      | -                      | -                   | -                       | 1,058,881                |
| Public Safety   | -                              | 6,348,503              | -                   | -                       | 6,348,503                |
| Public Works  | -                              | 960,803                | -                   | -                       | 960,803                  |
| Conservation-Recreation                               | 539,057                        | -                      | 8,180               | -                       | 547,237                  |
| Capital Outlay  | 726                            | 835,157                | -                   | 359,792                 | 1,195,675                |
| Debt Service:   |                                |                        |                     |                         |                          |
| Principal Retirement                                  | -                              | -                      | 162,298             | -                       | 162,298                  |
| Interest and Fiscal Charges                           | -                              | -                      | 369,869             | -                       | 369,869                  |
| <i>Total Cash Disbursements</i>                       | <u>1,598,664</u>               | <u>8,144,463</u>       | <u>540,347</u>      | <u>359,792</u>          | <u>10,643,266</u>        |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | <u>586,765</u>                 | <u>(24,139)</u>        | <u>(3,161)</u>      | <u>(279,594)</u>        | <u>279,871</u>           |
| <b>Other Financing Receipts (Disbursements)</b>       |                                |                        |                     |                         |                          |
| Sale of Capital Assets                                | -                              | 858                    | -                   | 1,835                   | 2,693                    |
| Transfers In  | -                              | 3,758                  | 1,019               | 50,000                  | 54,777                   |
| Transfers Out   | (4,777)                        | (50,000)               | -                   | -                       | (54,777)                 |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(4,777)</u>                 | <u>(45,384)</u>        | <u>1,019</u>        | <u>51,835</u>           | <u>2,693</u>             |
| <i>Net Change in Fund Cash Balances</i>               | 581,988                        | (69,523)               | (2,142)             | (227,759)               | 282,564                  |
| <i>Fund Cash Balances, January 1</i>                  | <u>1,104,244</u>               | <u>1,803,393</u>       | <u>24,518</u>       | <u>1,874,304</u>        | <u>4,806,459</u>         |
| <b>Fund Cash Balances, December 31</b>                |                                |                        |                     |                         |                          |
| Restricted  | -                              | 1,076,965              | 22,376              | 1,646,545               | 2,745,886                |
| Committed   | -                              | 656,904                | -                   | -                       | 656,904                  |
| Assigned  | 187,800                        | -                      | -                   | -                       | 187,800                  |
| Unassigned (Deficit)                                  | 1,498,432                      | -                      | -                   | -                       | 1,498,432                |
| <i>Fund Cash Balances, December 31</i>                | <u>\$ 1,686,232</u>            | <u>\$ 1,733,870</u>    | <u>\$ 22,376</u>    | <u>\$ 1,646,545</u>     | <u>\$ 5,089,022</u>      |

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

LIBERTY TOWNSHIP  
DELAWARE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2011

|  | <u>Fiduciary<br/>Fund Type</u>   |
|--|----------------------------------|
|  | <u>Private Purpose<br/>Trust</u> |
| <b>Operating Cash Receipts</b>           |                                  |
| Earnings on Investments                  | \$ 3                             |
| <i>Operating Income</i>                  | <u>3</u>                         |
| <b>Non-Operating Disbursements</b>       |                                  |
| Capital Outlay                           | <u>(256)</u>                     |
| <i>Total Non-Operating Disbursements</i> | <u>(256)</u>                     |
| <i>Net Change in Fund Cash Balance</i>   | (253)                            |
| <i>Fund Cash Balances, January 1</i>     | <u>\$ 5,403</u>                  |
| <i>Fund Cash Balances, December 31</i>   | <u><u>\$ 5,150</u></u>           |

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

**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

|   | <b>Governmental Fund Types</b> |                            |                         |                             | <b>Totals</b>                |
|---|--------------------------------|----------------------------|-------------------------|-----------------------------|------------------------------|
|   | <b>General</b>                 | <b>Special<br/>Revenue</b> | <b>Debt<br/>Service</b> | <b>Capital<br/>Projects</b> | <b>(Memorandum<br/>Only)</b> |
| <b>Cash Receipts:</b>   |                                |                            |                         |                             |                              |
| Property and Other Local Taxes  | \$ 1,077,491                   | \$ 6,147,157               | \$ 401,344              | \$ -                        | \$ 7,625,992                 |
| Charges for Services  | -                              | 225,751                    | -                       | -                           | 225,751                      |
| Licenses, Permits, and Fees   | 237,341                        | 6,886                      | -                       | -                           | 244,227                      |
| Intergovernmental   | 559,268                        | 1,012,648                  | 51,733                  | -                           | 1,623,649                    |
| Earnings on Investments   | 6,659                          | 196                        | -                       | -                           | 6,855                        |
| Miscellaneous   | 83,303                         | 42,928                     | -                       | 35,011                      | 161,242                      |
| <b>Total Cash Receipts</b>  | <b>1,964,062</b>               | <b>7,435,566</b>           | <b>453,077</b>          | <b>35,011</b>               | <b>9,887,716</b>             |
| <b>Cash Disbursements:</b>  |                                |                            |                         |                             |                              |
| Current:  |                                |                            |                         |                             |                              |
| General Government  | 1,055,424                      | -                          | -                       | -                           | 1,055,424                    |
| Public Safety   | -                              | 6,223,505                  | -                       | -                           | 6,223,505                    |
| Public Works  | -                              | 1,047,437                  | -                       | -                           | 1,047,437                    |
| Conservation/Recreation   | 521,799                        | 13,923                     | 7,877                   | -                           | 543,599                      |
| Capital Outlay  | 85,601                         | 3,089                      | -                       | 133,952                     | 222,642                      |
| Debt Service:   |                                |                            |                         |                             |                              |
| Redemption of Principal   | 50,000                         | -                          | 255,000                 | -                           | 305,000                      |
| Interest and Other Fiscal Charges   | 15,301                         | -                          | 190,614                 | -                           | 205,915                      |
| <b>Total Cash Disbursements</b>   | <b>1,728,125</b>               | <b>7,287,954</b>           | <b>453,491</b>          | <b>133,952</b>              | <b>9,603,522</b>             |
| <b>Total Receipts Over/(Under) Disbursements</b>  | <b>235,937</b>                 | <b>147,612</b>             | <b>(414)</b>            | <b>(98,941)</b>             | <b>284,194</b>               |
| <b>Other Financing Receipts/(Disbursements):</b>  |                                |                            |                         |                             |                              |
| Sale of Fixed Assets  | -                              | 355                        | -                       | 7,001                       | 7,356                        |
| Transfers-In  | -                              | -                          | -                       | 1,631,550                   | 1,631,550                    |
| Transfers-Out   | -                              | (1,631,550)                | -                       | -                           | (1,631,550)                  |
| Advances-In   | -                              | 25,000                     | -                       | -                           | 25,000                       |
| Advances-Out  | (25,000)                       | -                          | -                       | -                           | (25,000)                     |
| <b>Total Other Financing Receipts/(Disbursements)</b>   | <b>(25,000)</b>                | <b>(1,606,195)</b>         | <b>-</b>                | <b>1,638,551</b>            | <b>7,356</b>                 |
| <b>Excess of Cash Receipts and Other Financing<br/>Receipts Over/(Under) Cash Disbursements<br/>And Other Financing Disbursements</b> | <b>210,937</b>                 | <b>(1,458,583)</b>         | <b>(414)</b>            | <b>1,539,610</b>            | <b>291,550</b>               |
| <b>Fund Cash Balance, January 1</b>   | <b>893,307</b>                 | <b>3,261,976</b>           | <b>24,932</b>           | <b>334,694</b>              | <b>4,514,909</b>             |
| <b>Fund Cash Balance, December 31</b>   | <b>\$ 1,104,244</b>            | <b>\$ 1,803,393</b>        | <b>\$ 24,518</b>        | <b>\$ 1,874,304</b>         | <b>\$ 4,806,459</b>          |
| <b>Reserve for Encumbrances, December 31</b>  | <b>\$ -</b>                    | <b>\$ 4,825</b>            | <b>\$ -</b>             | <b>\$ 51,036</b>            | <b>\$ 55,861</b>             |

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

LIBERTY TOWNSHIP  
DELAWARE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2010

|                                       | <u>Fiduciary<br/>Fund Type</u>   |
|---------------------------------------|----------------------------------|
|                                       | <u>Private Purpose<br/>Trust</u> |
| <b>Operating Receipts</b>             |                                  |
| Earnings on Investments               | <u>\$ 7</u>                      |
| Operating Income                      | <u>7</u>                         |
| <b>Non-Operating Disbursements</b>    |                                  |
| Capital Outlay                        | <u>(454)</u>                     |
| Total Non-Operating Disbursements     | <u>(447)</u>                     |
| Net Change in Fund Cash Balance       | (447)                            |
| Fund Cash Balance, January 1          | <u>\$ 5,850</u>                  |
| <b>Fund Cash Balance, December 31</b> | <u><u>\$ 5,403</u></u>           |

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

**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Liberty Township, Delaware County, Ohio, (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, fire protection and emergency medical services.

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

**B. Accounting Basis**

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

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

**C. Deposits and Investments**

The 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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

Fire District Fund – This fund receives tax money from a special fire levy for covering the cost of fire protection.

**3. Debt Service Funds**

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

General Bond Note Retirement Fund – This fund receives tax money earmarked to retire the bonded debt associated with the construction of the community recreation center.

**4. Capital Project Funds**

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

Fire Station #321 Improvements – This fund is used for improvements to the Fire Station for the Township.

**5. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust funds are for the benefit of maintaining and planting trees in the memorial tree grove at Liberty Park.

**E. Budgetary Process**

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

**1. Appropriations**

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

**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Budgetary Process (Continued)**

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**F. Fund Balance**

For December 31, 2011, 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:

**1. Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. 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.

**3. 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.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance (Continued)**

**5. 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.

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

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

**2. Equity in Pooled Deposits and Investments**

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

|                                | 2011        | 2010        |
|--------------------------------|-------------|-------------|
| Demand deposits                | \$133,091   | \$56,634    |
| STAR Ohio                      | 4,961,081   | 4,755,228   |
| Total deposits and investments | \$5,094,172 | \$4,811,862 |

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

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

| Fund Type             | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
|-----------------------|----------------------|--------------------|------------|
| General               | \$2,177,653          | \$2,185,429        | \$7,776    |
| Special Revenue       | 8,164,210            | 8,124,940          | (39,270)   |
| Debt Service          | 541,217              | 538,205            | (3,012)    |
| Capital Projects      | 118,000              | 132,033            | 14,033     |
| Private Purpose Trust | 0                    | 3                  | 3          |
| Total                 | \$11,001,080         | \$10,980,610       | (\$20,470) |

2011 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type             | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance    |
|-----------------------|----------------------------|---------------------------|-------------|
| General               | \$1,766,519                | \$1,603,441               | \$163,078   |
| Special Revenue       | 8,769,638                  | 8,194,463                 | 575,175     |
| Debt Service          | 541,444                    | 540,347                   | 1,097       |
| Capital Projects      | 1,112,194                  | 488,421                   | 623,773     |
| Private Purpose Trust | 5,403                      | 256                       | 5,147       |
| Total                 | \$12,195,198               | \$10,826,928              | \$1,368,270 |

2010 Budgeted vs. Actual Receipts

| Fund Type             | Budgeted<br>Receipts | Actual<br>Receipts | Variance    |
|-----------------------|----------------------|--------------------|-------------|
| General               | \$1,823,050          | \$1,964,062        | \$141,012   |
| Special Revenue       | 8,011,141            | 7,435,921          | (575,220)   |
| Debt Service          | 455,630              | 453,077            | (2,553)     |
| Capital Projects      | 1,699,905            | 1,673,562          | (26,343)    |
| Private Purpose Trust | 0                    | 7                  | 7           |
| Total                 | \$11,989,726         | \$11,526,629       | (\$463,097) |

2010 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type             | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance    |
|-----------------------|----------------------------|---------------------------|-------------|
| General               | \$2,159,610                | \$1,728,125               | \$431,485   |
| Special Revenue       | 9,983,386                  | 8,924,329                 | 1,059,057   |
| Debt Service          | 454,613                    | 453,491                   | 1,122       |
| Capital Projects      | 680,150                    | 184,988                   | 495,162     |
| Private Purpose Trust | 5,700                      | 454                       | 5,246       |
| Total                 | \$13,283,459               | \$11,291,387              | \$1,992,072 |

**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**4. Property Tax**

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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by February 10. If the property owner elects to pay semiannually, the first half is due February 10. The second half payment is due the following July 10.

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

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

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

**5. Debt**

Debt outstanding at December 31, 2011 was as follows:

|                                  | <u>Principal</u>   | <u>Interest Rate</u> |
|----------------------------------|--------------------|----------------------|
| Refunded Park Improvement Note   | \$300,000          | Various              |
| Refunded Recreation Center Bonds | 4,547,696          | Various              |
| Total                            | <u>\$4,847,696</u> |                      |

**Refunded Recreation Center Bonds**

The Township issued advance refunding bonds on March 29, 2006 in the amount of \$5,433,980 for a term of twenty years. The Township has entered into an escrow agreement which requires the escrow trustee to purchase securities to pay interest and principal to the original bond holders. Principal payments are due annually and interest payments are due semi-annually. The bonds are collateralized by the taxing authority of the Township.

**Refunded Park Improvement Note**

The Township issued current refunding notes on September 30, 2009, in the amount of \$430,000 for a term of five years to pay off the Series 2007 Township Park Improvement Notes outstanding. Principal payments are due annually and interest payments are due semi-annually. The notes are collateralized by the taxing authority of the Township.

**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**5. Debt (Continued)**

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

| Year ending December 31: | Refunded<br>Recreation<br>Center | Refunded Park<br>Improvement |
|--------------------------|----------------------------------|------------------------------|
| 2012                     | \$438,719                        | \$100,500                    |
| 2013                     | 438,719                          | 107,350                      |
| 2014                     | 443,719                          | 113,850                      |
| 2015                     | 443,719                          | 0                            |
| 2016                     | 443,119                          | 0                            |
| 2017-2021                | 2,207,394                        | 0                            |
| 2022-2027                | 2,649,744                        | 0                            |
| Total                    | <u>\$7,065,132</u>               | <u>\$321,700</u>             |

**6. Retirement Systems**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, the Township contributed to OP&F an amount equal to 34% of full-time fire fighters' wages which includes the 10% contribution normally required of OP&F participants. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

**7. Risk Management**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Commercial crime;
- Public Officials Liability
- Employment Practices Liability; and
- Errors and omissions.

The Township is uninsured for the following risks:

- Nuclear Energy Liability;
- Building Related Illness;
- Pollution and Asbestos; and
- Terrorism and Certified Acts of Terrorism

**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**7. Risk Management (Continued)**

**Medical Insurance**

The Township has medical insurance that is administered by HR Butler.

The township deposits \$1,600 on April 1 of each year into the employee's health savings account (HSA). The employee then pays the first \$3,600 of the deductible portion of the health insurance contract currently with Anthem. The employee administers the HSA account. Should the employee exceed \$3,600 in deductible expenses, the Township pays the balance of the contract deductible through a health reimbursement account program administered by HR Butler. Should the employee exceed the contract deductible for medical service and drugs which is currently \$6,000, Anthem pays all those costs for medical services. At this point a \$2,000 co-pay deductible for drugs starts for which the Township pays the co-pay. Should the \$2,000 drug co-pay deductible be exceeded, Anthem pays all additional costs.

The maximum costs per employee for the Township is \$6,000 per year. The Township budgets for this amount, annually.

The dollar amounts presented above are half for single coverage.

**8. Contingent Liabilities**

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  
DELAWARE COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

| <b>FEDERAL GRANTOR<br/><i>Pass Through Grantor</i><br/>Program Title</b> | <b>Pass Through<br/>Entity<br/>Number</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Disbursements</b>     |
|--|---|------------------------------------|--------------------------|
| <b>U.S. Department of Homeland Security</b>                              |   |                                    |                          |
| Assistance to Firefighters Grant   | 2010-M9-3120GF-<br>25000000-4101-D        | 97.044                             | \$ 584,117               |
|  | 2011-M0-3120GF-<br>25000000-4101-D        | 97.044                             | 95,783                   |
| Total U.S. Department of Homeland Security                               |   |                                    | <u><b>679,900</b></u>    |
| <b>Total Federal Awards Expenditures</b>                                 |   |                                    | <u><b>\$ 679,900</b></u> |

*The accompanying notes are an integral part of this schedule.*

**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Liberty Township (the Township's) federal award program disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – MATCHING REQUIREMENTS**

Certain Federal programs require the Township to contribute non-Federal funds (matching funds) to support the Federally-funded program. The Township has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



# Dave Yost • Auditor of State

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

Liberty Township  
Delaware County  
10104 Brewster Lane, Suite 125  
Powell, Ohio 43065

To the Board of Trustees:

We have audited the financial statements of Liberty Township, Delaware County, Ohio, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated August 17, 2012, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. In addition, we noted the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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[www.ohioauditor.gov](http://www.ohioauditor.gov)

### **Compliance and Other Matters**

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

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 17, 2012.

We intend this report solely for the information and use of management, the Board of Trustees, federal awarding agencies, pass through entities, and others within the Township. We intend it for no one other than these specified parties.



**Robert R. Hinkle, CPA, CGFM**  
Chief Deputy Auditor

August 17, 2012



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Liberty Township  
Delaware County  
10104 Brewster Lane, Suite 125  
Powell, Ohio 43065

To the Board of Trustees:

### Compliance

We have audited the compliance of Liberty Township, Delaware County, Ohio (the Township) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect Liberty Township's major federal program for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the Township's major federal program. The Township's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the Township's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Township's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township's compliance with these requirements.

In our opinion, Liberty Township complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2011.

### Internal Control Over Compliance

The Township's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Township's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Township's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of management, the Board of Trustees, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Robert R. Hinkle, CPA, CGFM**  
Chief Deputy Auditor

August 17, 2012

**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2011 AND 2010**

|  |
|--|
| <b>1. SUMMARY OF AUDITOR'S RESULTS</b> |
|--|

|                     |  |   |
|---------------------|--|---|
| <i>(d)(1)(i)</i>    | Type of Financial Statement Opinion  | Dual Opinion—Unqualified for financial statements presented |
| <i>(d)(1)(ii)</i>   | Were there any material control weaknesses reported at the financial statement level (GAGAS)?                  | No  |
| <i>(d)(1)(ii)</i>   | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No  |
| <i>(d)(1)(iii)</i>  | Was there any reported material noncompliance at the financial statement level (GAGAS)?                        | No  |
| <i>(d)(1)(iv)</i>   | Were there any material internal control weaknesses reported for major federal programs?                       | No  |
| <i>(d)(1)(iv)</i>   | Were there any significant deficiencies in internal control reported for major federal programs?               | No  |
| <i>(d)(1)(v)</i>    | Type of Major Programs' Compliance Opinion   | Unqualified   |
| <i>(d)(1)(vi)</i>   | Are there any reportable findings under § .510(a)?   | No  |
| <i>(d)(1)(vii)</i>  | Major Programs (list):   | Assistant to Firefighters Grant<br>CFDA # 97.044            |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A/B Programs  | Type A: > \$ 300,000<br>Type B: all others                  |
| <i>(d)(1)(ix)</i>   | Low Risk Auditee?  | No  |

|   |
|---|
| <b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|---|

None

|                                       |
|---------------------------------------|
| <b>3. FINDINGS FOR FEDERAL AWARDS</b> |
|---------------------------------------|

None

**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010**

| Finding Number | Finding Summary  | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b> |
|----------------|--|------------------|---|
| 2009-001       | Finding for Recovery Repaid Under Audit – Park employee was overpaid due to error in payroll calculation.  | Yes              | N/A   |
| 2009-002       | <p>Sound Financial Reporting:</p> <p>Debt refunding was not recorded in the financial statements.</p> <p>Homestead and rollback receipts were recorded as tax receipts rather than intergovernmental receipts.</p> <p>EMS receipts were recorded as miscellaneous receipts rather than charges for services.</p> | Yes              | N/A   |
| 2009-003       | ORC 5705.41(D)(1) Certificate of Expenditures  | Yes              | N/A   |
| 2009-004       | ORC 5705.05 – General levy monies were not allocated to Debt Service fund for repayment of notes.  | Yes              | N/A   |



# Dave Yost • Auditor of State

**LIBERTY TOWNSHIP**

**DELAWARE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 27, 2012**