



Dave Yost • Auditor of State



LIBERTY TOWNSHIP  
DELAWARE COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### *Report on the Financial Statements*

We have audited the accompanying financial statements and related notes of Liberty Township, Delaware County, Ohio, (the Township) as of and for the years ended December 31, 2013 and 2012.

### *Management's Responsibility for the Financial Statements*

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

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

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

### *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles (GAAP)*

As described in Note 1 of the financial statements, the Township prepared these financial statements using 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), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

*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* paragraph, the financial statements referred to above 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, 2013 and 2012, or changes in financial position thereof for the years then ended.

*Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Liberty Township, Delaware County, Ohio, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2014, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



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

August 15, 2014

**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 943,313	\$ 871,995	\$ 494,664	\$ -	\$ 2,309,972
Charges for Services	-	232,894	-	-	232,894
Licenses, Permits and Fees	365,916	11,120	-	-	377,036
Intergovernmental	591,980	518,724	73,496	-	1,184,200
Earnings on Investments	10,869	279	-	-	11,148
Miscellaneous	16,586	34,449	-	81,923	132,958
<i>Total Cash Receipts</i>	<u>1,928,664</u>	<u>1,669,461</u>	<u>568,160</u>	<u>81,923</u>	<u>4,248,208</u>
<b>Cash Disbursements</b>					
Current:					
General Government	1,013,831	-	-	-	1,013,831
Public Safety	-	5,587,503	-	-	5,587,503
Public Works	-	1,042,882	-	-	1,042,882
Conservation-Recreation	532,837	45,281	11,221	-	589,339
Capital Outlay	-	-	-	428,044	428,044
Debt Service:					
Principal Retirement	-	-	154,858	-	154,858
Interest and Fiscal Charges	-	-	391,322	-	391,322
<i>Total Cash Disbursements</i>	<u>1,546,668</u>	<u>6,675,666</u>	<u>557,401</u>	<u>428,044</u>	<u>9,207,779</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>381,996</u>	<u>(5,006,205)</u>	<u>10,759</u>	<u>(346,121)</u>	<u>(4,959,571)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Notes	-	4,800,000	-	-	4,800,000
Sale of Capital Assets	-	-	-	32,914	32,914
Transfers In	-	1,081,141	5,628	410,000	1,496,769
Transfers Out	(21,712)	(410,000)	-	(1,065,057)	(1,496,769)
Advances In	269,393	210,000	12,000	-	491,393
Advances Out	(222,000)	(257,393)	(12,000)	-	(491,393)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>25,681</u>	<u>5,423,748</u>	<u>5,628</u>	<u>(622,143)</u>	<u>4,832,914</u>
<i>Net Change in Fund Cash Balances</i>	407,677	417,543	16,387	(968,264)	(126,657)
<i>Fund Cash Balances, January 1</i>	<u>1,645,199</u>	<u>1,559,152</u>	<u>20,785</u>	<u>1,474,760</u>	<u>4,699,896</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	1,195,342	37,172	333,290	1,565,804
Committed	-	781,353	-	173,206	954,559
Assigned	341,108	-	-	-	341,108
Unassigned	1,711,768	-	-	-	1,711,768
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,052,876</u>	<u>\$ 1,976,695</u>	<u>\$ 37,172</u>	<u>\$ 506,496</u>	<u>\$ 4,573,239</u>

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

**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Fiduciary Fund Type</b>
	Private Purpose Trust
<b>Operating Cash Receipts</b>	
Earnings on Investments (trust funds only)	\$ 7
<i>Total Operating Cash Receipts</i>	<i>7</i>
<b>Operating Cash Disbursements</b>	
Salaries	-
Employee Fringe Benefits	-
Purchased Services	-
Supplies and Materials	-
Claims	-
Other	-
<i>Total Operating Cash Disbursements</i>	<i>-</i>
<i>Operating Income</i>	<i>7</i>
 <i>Net Change in Fund Cash Balances</i>	 <i>7</i>
<i>Fund Cash Balances, January 1</i>	<i>4,170</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 4,177</i>

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



**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 918,729	\$ 6,041,033	\$ 481,766	\$ -	\$ 7,441,528
Charges for Services	-	231,509	-	-	231,509
Licenses, Permits and Fees	297,543	10,563	-	-	308,106
Intergovernmental	249,740	1,167,644	62,515	-	1,479,899
Earnings on Investments	4,787	77	-	-	4,864
Miscellaneous	33,945	81,814	-	64,841	180,600
<i>Total Cash Receipts</i>	<u>1,504,744</u>	<u>7,532,640</u>	<u>544,281</u>	<u>64,841</u>	<u>9,646,506</u>
<b>Cash Disbursements</b>					
Current:					
General Government	1,014,857	-	-	-	1,014,857
Public Safety	-	6,422,239	-	-	6,422,239
Public Works	-	1,096,432	-	-	1,096,432
Conservation-Recreation	515,195	127,332	7,234	-	649,761
Capital Outlay	-	56,355	-	256,626	312,981
Debt Service:					
Principal Retirement	-	-	157,189	-	157,189
Interest and Fiscal Charges	-	-	382,174	-	382,174
<i>Total Cash Disbursements</i>	<u>1,530,052</u>	<u>7,702,358</u>	<u>546,597</u>	<u>256,626</u>	<u>10,035,633</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(25,308)</u>	<u>(169,718)</u>	<u>(2,316)</u>	<u>(191,785)</u>	<u>(389,127)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In	-	-	725	20,000	20,725
Transfers Out	(725)	(20,000)	-	-	(20,725)
Advances In	-	15,000	-	-	15,000
Advances Out	(15,000)	-	-	-	(15,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(15,725)</u>	<u>(5,000)</u>	<u>725</u>	<u>20,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>(41,033)</u>	<u>(174,718)</u>	<u>(1,591)</u>	<u>(171,785)</u>	<u>(389,127)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,686,232</u>	<u>1,733,870</u>	<u>22,376</u>	<u>1,646,545</u>	<u>5,089,023</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	850,140	20,785	1,370,161	2,241,086
Committed	-	709,012	-	104,599	813,611
Assigned	145,873	-	-	-	145,873
Unassigned	1,499,326	-	-	-	1,499,326
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,645,199</u>	<u>\$ 1,559,152</u>	<u>\$ 20,785</u>	<u>\$ 1,474,760</u>	<u>\$ 4,699,896</u>

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

LIBERTY TOWNSHIP  
DELAWARE COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2012

	Fiduciary Fund Type
	Private Purpose Trust
<b>Operating Cash Receipts</b>	
Earnings on Investments	\$ 3
<i>Total Operating Cash Receipts</i>	<u>3</u>
<b>Non-Operating Disbursements</b>	
Capital Outlay	<u>(983)</u>
<i>Total Non-Operating Disbursement</i>	<u>(983)</u>
<i>Net Change in Fund Cash Balance</i>	(980)
<i>Fund Cash Balances, January 1</i>	<u>5,150</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 4,170</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, 2013 AND 2012**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Liberty Township, Delaware 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, 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 accounts for and reports all financial resources not accounted for and reported in another fund.

**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. 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:

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

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 and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. 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 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 fund:

Fire Station #321 Improvements – This fund receives transfers from the Fire Fund and 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.

LIBERTY TOWNSHIP  
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)

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

**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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**F. 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:

**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.

**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**F. Fund Balance (Continued)**

**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.

**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:

	2013	2012
Demand deposits	\$221,202	\$245,567
STAR Plus Ohio	4,352,402	0
Total deposits	4,573,604	245,567
STAR Ohio	3,812	4,458,499
Total deposits and investments	\$4,577,416	\$4,704,066

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

**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**2. Equity in Pooled Deposits and Investments (Continued)**

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,724,927	\$1,928,664	\$203,737
Special Revenue	7,523,529	7,550,602	27,073
Debt Service	567,318	573,788	6,470
Capital Projects	613,428	524,837	(88,591)
Total	\$10,429,202	\$10,577,891	\$148,689

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,875,844	\$1,568,380	\$307,464
Special Revenue	7,838,451	7,085,666	752,785
Debt Service	568,034	557,401	10,633
Capital Projects	2,010,161	1,516,413	493,748
Private Purpose Trust	4,170	0	4,170
Total	\$12,296,660	\$10,727,860	\$1,568,800

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,436,149	\$1,504,744	\$68,595
Special Revenue	7,540,798	7,532,640	(8,158)
Debt Service	547,986	545,006	(2,980)
Capital Projects	153,000	84,841	(68,159)
Total	\$9,677,933	\$9,667,231	(\$10,702)

**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. Budgetary Activity (Continued)**

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,612,300	\$1,530,777	\$81,523
Special Revenue	8,552,152	7,755,382	796,770
Debt Service	549,709	546,597	3,112
Capital Projects	890,343	256,626	633,717
Private Purpose Trust	5,150	983	4,167
Total	\$11,609,654	\$10,090,365	\$1,519,289

**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

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, 2013 was as follows:

	Principal	Interest Rate
Refunded Park Improvement Note	\$110,000	3.5%
Refunded Recreation Center Bonds	4,425,649	Various
Fire Operation Note	4,800,000	1.94%
Total	\$9,335,649	

**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 Township's taxing authority collateralized the bonds.



**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**5. Debt (Continued)**

**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 Township's taxing authority collateralized the notes.

**Fire Operation Note**

The Township issued tax anticipation notes on March 8, 2013, in the amount of \$4,800,000 for a term of five years. Principal payments and interest payments are due semi-annually. The Township's taxing authority collateralized the notes.

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

Year ending December 31:	Refunded Park Improvement Note	Refunded Recreation Center Bonds	Fire Operation Note
2014	\$113,850	\$443,719	\$942,493
2015	0	443,719	1,077,600
2016	0	443,119	1,058,200
2017	0	442,119	1,038,800
2018	0	440,719	1,019,400
2019-2023	0	2,206,795	0
2024-2027	0	1,767,507	0
Total	<u>\$113,850</u>	<u>\$6,187,697</u>	<u>\$5,136,493</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. The employer contribution rates for 2012 and 2013 are 14% for OPERS and 24% for OP&F. The employee contribution rates are 10% for OPERS in both years and 10% for OP&F from January 1, 2012 through July 1, 2013 and 10.75% from July 2, 2013 through December 31, 2013. In addition to the employer contribution, the Township "picks up" a portion of the employees' contribution per the table below.

**LIBERTY TOWNSHIP  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**6. Retirement Systems (Continued)**

OPERS Township "Pick-Up" of Employee Contribution 2012-2013		
	Township "Pick-Up" Rate	Employee Contribution Rate
Union	10%	0%
Non-union full time staff	10%	0%
Part-time Park Staff	0%	10%
Part-time non-Park Staff	10%	0%
Elected Officials	0%	10%
Assistant Fiscal Officer	0%	10%

OP&F Township "Pick Up" of Employee Contributions		
	Township "Pick-Up" Rate	Employee Contribution Rate
Fire Chief		
2012	10%	0%
2013	10%	0.75%
Union Members		
2012	8%	2%
2013	5%	5.75%

The Township has paid all contributions required through December 31, 2013.

**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.

**8. Contingent Liabilities**

The Township is the defendant in a lawsuit. Although management cannot presently determine the outcome of the suit, management believes that the resolution of this matter 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.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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 Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Liberty Township, Delaware County, Ohio, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated August 15, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



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

August 15, 2014



# 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  
MARCH 31, 2015**