



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**LIBERTY TOWNSHIP
BUTLER COUNTY**

**REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2022**

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of Liberty Township, Butler County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2022 through December 31, 2022. 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. The 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

December 12, 2023

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**LIBERTY TOWNSHIP
BUTLER COUNTY**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Liberty Township**, Butler County, Ohio (the Township), as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2022, and the respective changes in modified cash-basis financial position and where applicable cash flows thereof for the year then ended in accordance with the modified cash-basis of accounting described in Note 2.

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.

Emphasis of Matter - Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to 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 modified cash-basis of accounting described in Note 2, and for determining that the modified cash-basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. 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 *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.

Supplementary Information

Our audit was conducted to opine on the financial statements as a whole that collectively comprise the Township's basic financial statements. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied to the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2023, 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

September 29, 2023

**LIBERTY TOWNSHIP
BUTLER COUNTY, OHIO**

*Statement of Net Position - Modified Cash Basis
December 31, 2022*

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 58,006,165
Total assets	<u>\$ 58,006,165</u>
Net Position:	
Restricted for:	
Capital projects	\$ 4,201,478
Debt Service	5,177,208
Public Safety	18,481,420
Public Works	5,448,866
Cemetery	257,148
Recreation Programs	40,852
Self - Insurance	1,865,192
Unrestricted	<u>22,534,001</u>
Total Net Position	<u>\$ 58,006,165</u>

See Accompanying Notes to the Financial Statements

**LIBERTY TOWNSHIP
BUTLER COUNTY, OHIO**

*Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2022*

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position Governmental Activities	
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental activities:						
Current:						
General government	\$ 4,726,423	\$ 639,543	\$ -	\$ -	\$ (4,086,880)	
Public Safety	11,120,640	474,345	1,521,459	-	(9,124,836)	
Public Works	1,868,719	594,719	2,321,061	1,043,460	2,090,521	
Health	43,656	57,245	-	-	13,589	
Conservation - Recreation	384,303	2,490	-	-	(381,813)	
Payment to Schools	4,853,993	-	2,265,017	-	(2,588,976)	
Capital outlay	4,050,578	-	-	-	(4,050,578)	
Debt service:						
Principal retirement	1,256,515	-	-	-	(1,256,515)	
Payment to Refunded Bond Escrow Agent From:						
Bond Proceeds	5,191,346				(5,191,346)	
Other Resources	487,414				(487,414)	
Interest and fiscal charges	731,925	-	-	-	(731,925)	
Total governmental activities	\$ 34,715,512	\$ 1,768,342	\$ 6,107,537	\$ 1,043,460	\$ (25,796,173)	
General Receipts:						
Property Taxes Levied for:						
General purposes						696,612
Public Safety						11,591,225
Public Works						1,167,135
Other Taxes						246,861
Grants and Entitlements not Restricted to						
Specific Purposes						3,539,294
Payments in lieu of taxes						7,327,184
Sale of Refunding Bonds						5,380,000
Discount on Debt						(64,506)
Earnings on Investments						375,573
Miscellaneous						746,257
Total General Receipts						31,005,635
<i>Change in Net Position</i>						5,209,462
<i>Net Position Beginning of Year</i>						52,796,703
<i>Net Position End of Year</i>						\$ 58,006,165

See Accompanying Notes to the Financial Statements

**LIBERTY TOWNSHIP
BUTLER COUNTY, OHIO**

*Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2022*

	<u>General Fund</u>	<u>Fire and EMS Fund</u>	<u>Police Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Equity in pooled cash and cash equivalents	\$ 18,280,413	\$ 15,253,067	\$ 3,184,510	\$ 3,414,652	\$ 16,008,331	\$ 56,140,973
Total assets	<u>\$ 18,280,413</u>	<u>\$ 15,253,067</u>	<u>\$ 3,184,510</u>	<u>\$ 3,414,652</u>	<u>\$ 16,008,331</u>	<u>\$ 56,140,973</u>
Fund Balances						
Restricted	\$ -	\$ 15,253,067	\$ 3,184,510	\$ -	\$ 15,169,395	\$ 33,606,972
Committed	-	-	-	-	838,936	838,936
Assigned	625,305	-	-	3,414,652	-	4,039,957
Unassigned	17,655,108	-	-	-	-	17,655,108
Total fund cash balances	<u>\$ 18,280,413</u>	<u>\$ 15,253,067</u>	<u>\$ 3,184,510</u>	<u>\$ 3,414,652</u>	<u>\$ 16,008,331</u>	<u>\$ 56,140,973</u>

See Accompanying Notes to the Financial Statements

**LIBERTY TOWNSHIP
BUTLER COUNTY, OHIO**

*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities - Modified Cash Basis
December 31, 2022*

Total Governmental Fund Balances	\$	56,140,973
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
The internal service fund is used by management to charge insurance costs to individual funds. The assets of the internal service fund are included in governmental activities in the statement of net position		<u>1,865,192</u>
<i>Net Position of Governmental Activities</i>	\$	<u>58,006,165</u>

See Accompanying Notes to the Financial Statements

**LIBERTY TOWNSHIP
BUTLER COUNTY, OHIO**

*Statement of Receipts, Disbursements, and
Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended Decemeber 31, 2022*

	General Fund	Fire and EMS Fund	Police Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and other taxes	\$ 943,476	\$ 8,977,107	\$ 2,614,118	\$ -	\$ 1,167,135	\$ 13,701,836
Charges for services	2,490	434,806	-	-	31,325	468,621
Licenses, permits and fees	630,951	32,439	7,100	-	33,476	703,966
Fines and forfeitures	8,044	-	-	-	-	8,044
Intergovernmental	3,539,294	1,119,934	391,591	-	3,257,057	8,307,876
Payment in Lieu of Taxes	-	-	-	-	7,327,184	7,327,184
Special assessments	546	-	-	-	587,163	587,709
Earnings on Investments	375,573	-	-	-	110,226	485,799
Miscellaneous	149,345	59,305	19	-	2,322,362	2,531,031
Total Receipts	5,649,719	10,623,591	3,012,828	-	14,835,928	34,122,066
Disbursements						
Current:						
General government	2,214,912	-	-	-	2,761,636	4,976,548
Public Safety	-	8,075,288	3,045,352	-	-	11,120,640
Public Works	-	-	-	-	1,868,719	1,868,719
Health	21,886	-	-	-	21,770	43,656
Conservation-Recreation	384,303	-	-	-	-	384,303
Payment to Schools	-	-	-	-	4,853,993	4,853,993
Capital outlay	252,027	163,564	-	2,365,331	1,269,656	4,050,578
Debt service:						
Principal Retirement	-	-	-	-	1,256,515	1,256,515
Payment to Refunded Bond Escrow Agent	-	-	-	-	487,414	487,414
Interest and Fiscal Charges	9,522	-	-	-	722,403	731,925
Total Disbursements	2,882,650	8,238,852	3,045,352	2,365,331	13,242,106	29,774,291
Excess of Receipts Over (Under) Disbursements	2,767,069	2,384,739	(32,524)	(2,365,331)	1,593,822	4,347,775
Other Financing Sources (Uses)						
Sale of Refunding Bonds	-	-	-	-	5,380,000	5,380,000
Discount on Debt	-	-	-	-	(64,506)	(64,506)
Payment to Refunded Bond Escrow Agent	-	-	-	-	(5,191,346)	(5,191,346)
Transfers In	-	-	-	-	1,718,151	1,718,151
Transfers Out	(623,313)	(330,262)	(94,295)	-	(670,281)	(1,718,151)
Other Financing Sources	-	-	-	-	487,414	487,414
Total Other Financing Sources (Uses)	(623,313)	(330,262)	(94,295)	-	1,659,432	611,562
Net Change in Fund Balances	2,143,756	2,054,477	(126,819)	(2,365,331)	3,253,254	4,959,337
Fund Balances Beginning of Year	16,136,657	13,198,590	3,311,329	5,779,983	12,755,077	51,181,636
Fund Balances End of Year	\$ 18,280,413	\$ 15,253,067	\$ 3,184,510	\$ 3,414,652	\$ 16,008,331	\$ 56,140,973

See Accompanying Notes to the Financial Statements

**LIBERTY TOWNSHIP
BUTLER COUNTY, OHIO**

*Reconciliation of the Statement of Receipts, Disbursements and Changes in Fund Balances
Governmental Funds to the Statement of Activities - Modified Cash Basis
December 31, 2022*

Net Change in Fund Balances - Total Governmental Funds	\$ 4,959,337
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***Amounts reported for governmental activities in the
statement of activities are different because:***

Internal service funds charge insurance costs to other funds. The entity-wide statements eliminate governmental fund expenditures and related internal service fund charges. Governmental activities report allocated net internal service fund receipts (disbursements)	<u>250,125</u>
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<i>Change in Net Position of Governmental Activities</i>	<u><u>\$ 5,209,462</u></u>
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**Liberty Township
Butler County, Ohio**

*Statement of Fund Net Position - Modified Cash Basis
Proprietary Fund
December 31, 2022*

	Governmental Activity
	Internal Service
Assets:	
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 1,865,192
<i>Total Aseets</i>	1,865,192
Net Position	
Restricted for:	
Self Insurance	1,865,192
<i>Total Net Position</i>	\$ 1,865,192

See Accompanying Notes to the Financial Statements

**Liberty Township
Butler County, Ohio**

*Statement of Receipts, Disbursements, and Changes in Fund Net Position - Modified
Cash Basis - Proprietary Fund
For the Year Ended December 31, 2022*

	Governmental Activity
	Internal Service
Operating Receipts	
Charges for services	\$ 1,924,293
<i>Total Operating Receipts</i>	1,924,293
Operating Disbursements	
Purchased Services	732,280
Claims	946,982
<i>Total Operating Disbursements</i>	1,679,262
<i>Operating Income</i>	245,031
Non-Operating Receipts:	
Earnings on Investment	5,094
<i>Total Non-Operating Receipts</i>	5,094
<i>Change in Net Position</i>	250,125
<i>Net Position Beginning of Year</i>	1,615,067
<i>Net Position End of Year</i>	\$ 1,865,192

See Accompanying Notes to the Financial Statements

**Liberty Township
Butler County, Ohio**

*Statement of Cash Flows - Modified Cash Basis
Proprietary Fund
For the Year Ended December 31, 2022*

	Governmental Activity
	Internal Service
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	\$ 1,924,293
Cash Payments for Goods and Services	(732,280)
Cash Payments for Claims	(946,982)
<i>Net Cash Provided by Operating Activities</i>	245,031
Cash Flows from Investing Activities	
Interest on Investments	5,094
<i>Net Cash Provided by Investing Activities</i>	5,094
<i>Net Increase in Cash and Cash Equivalents</i>	250,125
<i>Cash and Cash Equivalents Beginning of Year</i>	1,615,067
<i>Cash and Cash Equivalents End of Year</i>	\$ 1,865,192
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 245,031
<i>Net Cash Provided by Operating Activities</i>	\$ 245,031

See Accompanying Notes to the Financial Statements

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

Liberty Township, Butler County, Ohio, (the Township) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

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

Primary Government

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

Public Entity Risk Pools

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members and is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. See Note 6 for more information.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-Wide Financial Statements

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

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements (Continued)

The statement of net position presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function – a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present Township financial information at a more detailed level and the focus is on major funds. Each major fund is presented in a separate column with nonmajor funds aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

Fund Accounting

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

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

General - 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.

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

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

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

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

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Proprietary Funds

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

Basis of Accounting

The Township's financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

Cash and Investments

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

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

During 2022, the Township invested in certificates of deposit, U.S. Agency Securities, a money market mutual fund, and STAR Ohio. The certificates of deposits are reported at cost and the U.S. Agency Securities are reported at fair value as of December 31, 2022. The Township's money market mutual fund investment is recorded at the amount reported by Morgan Stanley on December 31, 2022.

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

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash and Investments (Continued)

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Township funds according to state statutes, grant requirements, or debt related restrictions. In 2022, the General Fund received \$375,573 and Other Governmental Funds received \$110,226 in interest earnings.

Inventory and Prepaid Items

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

Capital Assets

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

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Long-Term Obligations

The Township's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, nor an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position includes resources restricted for maintaining roads and bridges, fire and emergency medical services, police services, debt service, recreation programs, cemetery maintenance, and self-insurance.

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

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute. State Statute authorizes the Township Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

Interfund Transactions

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

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 3 – Deposits and Investments

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

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 3 – Deposits and Investments (Continued)

7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying amount of the Township's deposits was \$28,335,306 and the bank balance was \$28,992,211. Based on the criteria established in GASB Statement No. 40, Deposits and Investment Risk Disclosures, as of December 31, 2022, none of the Township's bank balance was exposed to custodial risk as described above.

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

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

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

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 3 – Deposits and Investments (Continued)

Investments

As of December 31, 2022, the Township had the following investments:

	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-2	3-5
Federal Home Loan Mortgage Corporation	\$ 488,670	\$ 488,670	\$ -	\$ -
Federal Home Loan Bank	1,832,120	-	460,101	1,372,019
Federal Farm Credit Bank	1,859,725	-	-	1,859,725
US Treasury Note	4,972,565	4,972,565	-	-
Money Market Funds	1,988,610	1,988,610	-	-
STAR Ohio	18,248,044	18,248,044	-	-
	<u>\$ 29,389,734</u>	<u>\$ 25,697,889</u>	<u>\$ 460,101</u>	<u>\$ 3,231,744</u>

Interest Rate Risk - Interest rate risk arises because the fair value of investments changes as interest rates change. The Township's investment policy addresses interest rate risk by requiring the Township's investment portfolio be structured so securities mature to meet cash requirements for ongoing operations and/or long-term debt payments – thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

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

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The investments are safeguarded from custodial credit risk as they are held in a segregated customer account by the counterparty's trust department or agent.

The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Concentration of Credit Risk - The Township places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2022:

Investment Issuer	Percentage of Investments
Federal Home Loan Bank Bonds	6%
Federal Farm Credit Bank	6%
US Treasury Note	17%
Money Market Funds	7%
STAR Ohio	62%
	<u>98%</u>

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 3 – Deposits and Investments (Continued)

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

Note 4 – Property Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes.

Real property taxes for 2022 are levied after October 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. Real property taxes for 2021 are collected in and intend to finance 2023.

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

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2022, was \$15.09 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows:

Real Property - Residential, Agricultural, and Other	\$ 1,316,390,820
Public Utility Property	34,687,580
Total Assessed Value	<u>\$ 1,351,078,400</u>

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

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 5 – Interfund Balances and Transfers

Transfers

During 2022, the following transfers were made:

	Transfers In	Transfers Out
Major Funds		
General Fund	\$ -	\$ 623,313
Fire and EMS Fund	-	330,262
Police Fund	-	94,295
 Other Governmental Funds		
Fire Station 113 Building Debt Service Fund	142,560	-
Fire Station 111 Building Debt Service Fund	267,613	-
Road Salt Barn Debt Service Fund	20,450	-
Kyles Station Road Debt Service Fund	237,668	-
Services Storage Facility Fund	272,471	-
Debt Service - Admin	235,736	-
Debt Service - Fire 112	541,653	-
Aspen Trails RID Fund	-	168,427
Creekside Meadows RID Fund	-	168,427
Capital Projects - Fire	-	165,000
Falling Water RID Fund	-	168,427
	\$ 1,718,151	\$ 1,718,151

Transfers

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

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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 to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$ 32,288,098
Actuarial liabilities	\$ 9,146,434

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

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

A comparison of Self-Insurance Fund cash and investments to the actuarially-measured liability as of December 31, 2022, follows:

	<u>2022</u>
Cash and investments	\$ 1,865,192
Actuarial liabilities	\$ 187,000

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plan (Continued)

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

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

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

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plan (Continued)

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

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

	State and Local
2022 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee*	10.0%
 2022 Actual Contribution Rates	
Employer:	
Pension	14.0%
Post-employment Health Care Benefits**	0.0%
Total Employer	14.0%
Employee	10.0%

- * Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- ** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for member-directed plan is allocated 4 percent for health care with remainder going to pension

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2022, the Township’s contractually required contribution was \$247,689 for the traditional plan.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

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

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

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plan (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OP&F) (Continued)

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

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

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

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

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

	Firefighters
2022 Statutory Maximum Contribution Rates	
Employer	24.00%
Employee*	12.25%
 2022 Actual Contribution Rates	
Employer:	
Pension	23.50%
Post-employment Health Care Benefits**	0.50%
Total Employer	24.00%
 Employee	 12.25%

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$0 for the year 2022.

Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits (Continued)

Ohio Police and Fire Pension Fund (Continued)

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The Township's contractually required contribution to OP&F was \$995,315 for 2022.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt

Bonds Payable

A summary of the note transactions for the year ended December 31, 2022, follows:

	Interest Rate	Maturity Date	Balance December 31 2021	Additions	Retired	Balance December 31 2022	Amounts Due in One Year
General Obligation Bonds							
Fire Station 113 - Refunding Bonds	2.70%	2023	\$ 280,000	\$ -	\$ 135,000	\$ 145,000	\$ 145,000
Services Storage Facility	2.27%	2031	2,010,000	-	180,000	1,830,000	185,000
Admin Building/Fire 112 Bonds	2.27%	2044	9,945,000	-	280,000	9,665,000	295,000
Refunding 2017	2.27%	2031	4,210,000	-	515,000	3,695,000	535,000
Total General Obligation Bonds			<u>16,445,000</u>	<u>-</u>	<u>1,110,000</u>	<u>15,335,000</u>	<u>1,160,000</u>
Revenue Bonds							
Liberty Center Project - Series 2014B	4.0-5.0%	2041	5,630,000	-	5,630,000	-	-
Liberty Center Project - Series 2022 re	4.0-5.0%	2041	-	5,380,000	146,515	5,233,485	210,000
Total Revenue Bonds			<u>5,630,000</u>	<u>5,380,000</u>	<u>5,776,515</u>	<u>5,233,485</u>	<u>210,000</u>
Total			<u>\$ 22,075,000</u>	<u>\$ 5,380,000</u>	<u>\$ 6,886,515</u>	<u>\$ 20,568,485</u>	<u>\$ 1,370,000</u>

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

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

Long-Term Obligations

	General Obligation Bonds		
	Principal	Interest	Total
2023	\$ 1,160,000	\$ 348,729	\$ 1,508,729
2024	1,030,000	321,773	1,351,773
2025	1,045,000	298,390	1,343,390
2026	1,035,000	274,670	1,309,670
2027	1,085,000	251,716	1,336,716
2028-2032	3,800,000	918,669	4,718,669
2033-2037	2,315,000	599,393	2,914,393
2038-2042	2,690,000	320,297	3,010,297
2043-2044	1,175,000	40,179	1,215,179
	<u>\$ 15,335,000</u>	<u>\$ 3,373,816</u>	<u>\$ 18,708,816</u>

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (Continued)

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

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

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

During 2022, the Township entered into a Refunding Bond Agreement to refinance the 2014 bonds originally issued by the Butler County Port Authority. The Township refunded the new bonds in the amount of \$5,380,000 for the purpose of continuing public infrastructure construction related to the Liberty Center Project. The bonds were issued at an additional discount and the interest rate stayed the same, ranging from 4% to 5%, and fully mature of December 1, 2041.

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

	Revenue Bonds		
	Principal	Interest	Total
2023	\$ 210,000	\$ 209,339	\$ 419,339
2024	215,000	209,940	424,940
2025	225,000	192,339	417,339
2026	230,000	183,339	413,339
2027	235,000	174,140	409,140
2028-2032	1,290,000	723,897	2,013,897
2033-2037	1,475,000	450,897	1,925,897
2038-2041	1,353,485	138,158	1,491,643
	\$ 5,233,485	\$ 2,282,049	\$ 7,515,534

Debt Margin

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

The effects of the debt limitations at December 31, 2022, were an overall debt margin of \$126,528,232 and an unvoted debt margin of \$58,974,312.

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 10 – Intergovernmental Agreements

Butler County Transportation Improvement District

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

During 2022, the amount pledged totaled and paid by the Township was \$2,698,815. Minimum payments via pledged revenue are expected as follows:

	Amount
2023	\$ 1,234,900
2024	1,246,900
2025	1,386,746
2026	1,393,774
2027	1,415,595
2028	1,441,064
2029-2033	5,017,613
2034	294,867
	\$ 13,431,459

Note 11 – Contingent Liabilities

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

Liberty Township
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 12 – Fund Balances

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

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	General Fund	Fire and EMS Fund	Police Fund	Capital Projects Fund	Other Governmental Funds	Total
Restricted for:						
Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ 4,201,478	\$ 4,201,478
Debt Service	-	-	-	-	5,177,208	5,177,208
Public Safety	-	15,253,067	3,184,510	-	43,843	18,481,420
Public Works	-	-	-	-	5,448,866	5,448,866
Cemetery	-	-	-	-	257,148	257,148
Recreation Programs	-	-	-	-	40,852	40,852
<i>Total Restricted</i>	<u>-</u>	<u>15,253,067</u>	<u>3,184,510</u>	<u>-</u>	<u>15,169,395</u>	<u>33,606,972</u>
Committed to:						
Public Works	-	-	-	-	838,936	838,936
<i>Total Committed</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>838,936</u>	<u>838,936</u>
Assigned to:						
Capital Outlay	-	-	-	3,414,652	-	3,414,652
General Government	363,889	-	-	-	-	363,889
Recreation Programs	3,365	-	-	-	-	3,365
Subsequent Year Appropriations	258,051	-	-	-	-	258,051
<i>Total Assigned</i>	<u>625,305</u>	<u>-</u>	<u>-</u>	<u>3,414,652</u>	<u>-</u>	<u>4,039,957</u>
Unassigned	<u>17,655,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,655,108</u>
Total Fund Balances	<u>\$ 18,280,413</u>	<u>\$ 15,253,067</u>	<u>\$ 3,184,510</u>	<u>\$ 3,414,652</u>	<u>\$ 16,008,331</u>	<u>\$ 56,140,973</u>

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 2022, 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 funding, either federal or state, cannot be estimated.

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.

SUPPLEMENTARY INFORMATION

**LIBERTY TOWNSHIP
BUTLER COUNTY, OHIO**

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2022*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local	\$ 810,000	\$ 810,000	\$ 943,476	\$ 133,476
Charges for Services	4,000	4,000	2,490	(1,510)
Licenses, Permits and Fees	542,697	542,697	630,951	88,254
Fines and Forfeitures	10,000	10,000	8,044	(1,956)
Intergovernmental	2,855,919	2,855,919	3,539,294	683,375
Special Assessments	3,000	3,000	546	(2,454)
Earnings on Investments	28,126	28,126	375,573	347,447
Miscellaneous	53,550	53,550	149,345	95,795
Total Receipts	<u>4,307,292</u>	<u>4,307,292</u>	<u>5,649,719</u>	<u>1,342,427</u>
Disbursements				
Current:				
General Government	2,527,918	2,793,350	2,383,192	410,158
Health	22,000	22,000	21,886	114
Conservation-Recreation	442,499	442,499	384,921	57,578
Capital Outlay	351,473	547,623	450,383	97,240
Interest and Fiscal Charges	-	9,522	9,522	-
Total Disbursements	<u>3,343,890</u>	<u>3,814,994</u>	<u>3,249,904</u>	<u>565,090</u>
Excess of Receipts Over (Under) Disbursements	<u>963,402</u>	<u>492,298</u>	<u>2,399,815</u>	<u>1,907,517</u>
Other Financing Sources (Uses)				
Transfers Out	(988,130)	(991,845)	(623,313)	368,532
Total Other Financing Sources (Uses)	<u>(988,130)</u>	<u>(991,845)</u>	<u>(623,313)</u>	<u>368,532</u>
Net Change in Fund Balance	(24,728)	(499,547)	1,776,502	2,276,049
Unencumbered Fund Balance Beginning of Year	16,011,818	16,011,818	16,011,818	-
Prior Year Encumbrances Appropriated	228,028	228,028	228,028	-
Unencumbered Fund Balance End of Year	<u>\$ 16,215,118</u>	<u>\$ 15,740,299</u>	<u>\$ 18,016,348</u>	<u>\$ 2,276,049</u>

**LIBERTY TOWNSHIP
BUTLER COUNTY, OHIO**

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire and EMS Fund
For the Year Ended December 31, 2022*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local	\$ 8,200,000	\$ 8,200,000	\$ 8,977,107	\$ 777,107
Charges for Services	370,442	370,442	434,806	64,364
Licenses, Permits and Fees	16,344	16,344	32,439	16,095
Intergovernmental	1,437,409	1,437,409	1,119,934	(317,475)
Miscellaneous	1,000	1,000	59,305	58,305
<i>Total Receipts</i>	<u>10,025,195</u>	<u>10,025,195</u>	<u>10,623,591</u>	<u>598,396</u>
Disbursements				
Current:				
Public Safety	8,440,182	9,057,288	8,312,754	744,534
Capital Outlay	544,265	564,265	198,373	365,892
<i>Total Disbursements</i>	<u>8,984,447</u>	<u>9,621,553</u>	<u>8,511,127</u>	<u>1,110,426</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,040,748</u>	<u>403,642</u>	<u>2,112,464</u>	<u>1,708,822</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(330,262)</u>	<u>(330,262)</u>	<u>(330,262)</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(330,262)</u>	<u>(330,262)</u>	<u>(330,262)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	710,486	73,380	1,782,202	1,708,822
<i>Unencumbered Fund Balance Beginning of Year</i>	12,868,969	12,868,969	12,868,969	-
<i>Prior Year Encumbrances Appropriated</i>	<u>328,995</u>	<u>328,995</u>	<u>328,995</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 13,908,450</u>	<u>\$ 13,271,344</u>	<u>\$ 14,980,166</u>	<u>\$ 1,708,822</u>

**LIBERTY TOWNSHIP
BUTLER COUNTY, OHIO**

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police Fund
For the Year Ended December 31, 2022*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local	\$ 2,500,000	\$ 2,500,000	\$ 2,614,118	\$ 114,118
Licenses, Permits and Fees	2,888	2,888	7,100	4,212
Intergovernmental	345,748	345,748	391,591	45,843
Miscellaneous	-	-	19	19
Total Receipts	<u>2,848,636</u>	<u>2,848,636</u>	<u>3,012,828</u>	<u>164,192</u>
Disbursements				
Current:				
Public Safety	3,079,673	3,087,358	3,068,073	19,285
Capital Outlay	9,000	3,314	-	3,314
Total Disbursements	<u>3,088,673</u>	<u>3,090,672</u>	<u>3,068,073</u>	<u>22,599</u>
Excess of Receipts Over (Under) Disbursements	<u>(240,037)</u>	<u>(242,036)</u>	<u>(55,245)</u>	<u>186,791</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(91,818)</u>	<u>(94,295)</u>	<u>(94,295)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(91,818)</u>	<u>(94,295)</u>	<u>(94,295)</u>	<u>-</u>
Net Change in Fund Balance	(331,855)	(336,331)	(149,540)	186,791
Unencumbered Fund Balance Beginning of Year	3,305,786	3,305,786	3,305,786	-
Prior Year Encumbrances Appropriated	<u>5,543</u>	<u>5,543</u>	<u>5,543</u>	<u>-</u>
Unencumbered Fund Balance End of Year	<u>\$ 2,979,474</u>	<u>\$ 2,974,998</u>	<u>\$ 3,161,789</u>	<u>\$ 186,791</u>

Liberty Township
Butler County, Ohio
Notes to the Supplementary Information
For the Year Ended December 31, 2022

Note 1 – Budgetary Process

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

The appropriations resolution is the Township’s authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund and department level for all funds, and within each fund, the amount appropriated for personal services.

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township Trustees during the year.

Note 2 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Schedule of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Fire and EMS Fund, and Police Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis are outstanding year-end encumbrances, which are treated as cash disbursements (budgetary basis) rather than as restricted, committed, or assigned fund balance (*modified* cash basis). The following table summarizes the adjustments necessary to reconcile modified cash basis to the budgetary basis.

	General Fund	Fire and EMS Fund	Police Fund
Net Change in Fund Balance - Modified Cash Basis	\$ 2,143,756	\$ 2,054,477	\$ (126,819)
Adjustment for 2022 Encumbrances	(367,254)	(272,275)	(22,721)
Net Change in Fund Balance - Budget Basis	\$ 1,776,502	\$ 1,782,202	\$ (149,540)

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

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

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 (*Government Auditing Standards*), the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information as of and for the year ended December 31, 2022 and the related notes to the financial statements of Liberty Township, Butler County, (the Township) and have issued our report thereon dated September 29, 2023.

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 purpose 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.

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 item 2022-001 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Entity's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's response to the finding identified in our audit and described in the accompanying schedule of findings. The Township's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

September 29, 2023

LIBERTY TOWNSHIP
BUTLER COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

FINDING NUMBER 2022-001

Material Weakness

Financial Reporting

Fund Balances should be properly classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54).

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of financial statements is accurate. The following errors with the Township's annual financial report were noted:

- Earnings on Investment receipts were understated by \$264,792 in the General Fund, this was due to the amount being incorrectly recorded in the Hinkle Filing from the accounting system;
- General Government disbursements were overstated by \$16,482 in the General Fund, this was due to the amount being incorrectly recorded in the Hinkle Filing from the accounting system;
- Subsequent year appropriation carryover was not properly classified as Assigned in the General Fund; and
- Bond refunding activity was not recorded in the Debt Service Fund.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassification entries. The Financial Statements reflect all reclassifications.

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 and expenses are properly identified and classified on the financial statements.

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.

Officials' Response – We will work with consultants to correct.

OHIO AUDITOR OF STATE KEITH FABER



LIBERTY TOWNSHIP

BUTLER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/26/2023

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