

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

AUDIT REPORT

JANUARY 1, 2014 – DECEMBER 31, 2015

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



Dave Yost • Auditor of State

Board of Trustees
Liberty Township
3948 Ridgeton Road
Bucyrus, Ohio 44820

We have reviewed the *Independent Auditors' Report* of the Liberty Township, Crawford County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2014 through December 31, 2015. 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 "Dave Yost".

Dave Yost
Auditor of State

September 14, 2016

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**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Independent Auditors' Report.....	1
Management Discussion and Analysis.....	3
Government-wide Financial Statements:	
Statement of Net Position Year Ended December 31, 2015.....	9
Statement of Activities Year ended December 31, 2015.....	10
Fund Financial Statements:	
Governmental Funds	
Statement of Cash Basis Assets and Fund Balances, Year Ended December 31, 2015.....	11
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balance Year Ended December 31, 2015.....	12
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - General Fund, Year Ended December 31, 2015.....	13
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - Gasoline Tax Fund, Year Ended December 31, 2015.....	14
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - Fire Levy Fund, Year Ended December 31, 2015.....	15
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - Ambulance & EMS Levy Fund, Year Ended December 31, 2015.....	16
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - Fire Equipment Levy Fund, Year Ended December 31, 2015.....	17
Government-wide Financial Statements:	
Statement of Net Position Year Ended December 31, 2014.....	18
Statement of Activities Year ended December 31, 2014.....	19
Fund Financial Statements:	
Governmental Funds	
Statement of Cash Basis Assets and Fund Balances, Year Ended December 31, 2014.....	20
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balance Year Ended December 31, 2014.....	21
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - General Fund, Year Ended December 31, 2014.....	22
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - Gasoline Tax Fund, Year Ended December 31, 2014.....	23
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - Fire Levy Fund, Year Ended December 31, 2014.....	24
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - Ambulance & EMS Levy Fund, Year Ended December 31, 2014.....	25
Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances- Budget and Actual (Non-GAAP Budgetary Basis) - Fire Equipment Levy Fund, Year Ended December 31, 2014.....	26
Notes to the Financial Statements.....	27
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By Government Auditing Standards.....	44

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

INDEPENDENT AUDITORS' REPORT

Liberty Township
Crawford County
3948 Ridgeton Road
Bucyrus, Ohio 44820

To the Board of Trustees:

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, major funds and aggregate remaining fund information of Liberty Township, Crawford County as of and for the years ended December 31, 2015 and 2014 and the related notes to the financial statements, which collectively comprised the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of Liberty Township, Crawford County, as of December 31, 2015 and 2014, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Fire Levy Fund, Ambulance/EMS Levy Fund and the Fire Equipment Levy Fund, thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 12 to the financial statements, during the year ended December 31, 2015, the Township adopted Governmental Accounting Standards No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We applied no procedures to the Management's Discussion and Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 5, 2016, on our consideration of Liberty Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 5, 2016

**LIBERTY TOWNSHIP, CRAWFORD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
UNAUDITED**

This discussion and analysis of the Liberty Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2015 and 2014, within the limitations of the Township's cash basis accounting. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2015 and 2014 are as follows:

Net position of governmental activities increased by \$37,048 or 5 percent in 2015 and increased by \$79,452 or 45 percent in 2014. All funds were affected in 2015 and 2014 by the increase due to decreased costs and slightly higher revenue. The General Fund was most affected by a decrease in 2014 due to the loss of Local Government, Estate Tax and Tangible PP taxes all which was instituted by the State of Ohio,

The Township's general receipts are primarily Real Estate and property taxes for governmental activities for the year. Tax receipts for 2015 and 2014 changed very little compared to 2013 as development within the Township has stayed about the same.

In 2014, the Township entered into a lease-purchase agreement for a case loader costing \$64,842

The Township was mandated to stop offering reimbursement of insurance premiums due to the ACA. The procedure was abandoned in June of 2015. The ACA had changed the reimbursement to a taxable reimbursement in 2014.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net position and statement of activities provide information about the cash activities of the Township as a whole. The statement of cash basis assets and fund balances, and the statement of cash receipts, disbursements and changes in fund cash balances, present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**LIBERTY TOWNSHIP, CRAWFORD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
UNAUDITED**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

The statements of net position and statements of activities for 2015 and 2014 reflect how the Township did financially within the limitations of the cash basis of accounting. The statement of net position present the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the programs services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws form the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's tax base, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and real estate taxes.

In the statement of net position and the statement of activities, we divide the government into governmental activities. All of the Township's basic services are reported here, including road maintenance. Real estate and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

**LIBERTY TOWNSHIP, CRAWFORD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
UNAUDITED**

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds for 2015 and 2014 are the General Fund, Gasoline Tax Fund, Fire Levy Fund, Ambulance/EMS Levy Fund, Fire Equipment Levy Fund and Capital Improvement Fund (2015 only). The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the township reports on the cash basis.

The Government as a Whole

Table 1 provides a summary of the Township's net position for 2015 and 2014 with no comparison to 2013 as the prior two periods were agreed upon procedures and no amounts were reported.

Table 1
NET POSITION

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Assets		
Cash	\$ 771,204	\$ 734,156
Total Assets	<u>771,204</u>	<u>734,156</u>
Net Position		
Restricted for:		
Capital Projects	38,400	62,676
Debt Service	11,338	11,338
Other Purposes	502,236	449,333
Unrestricted	<u>219,230</u>	<u>210,809</u>
Total Net Position	<u>\$ 771,204</u>	<u>\$ 734,156</u>

**LIBERTY TOWNSHIP, CRAWFORD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
UNAUDITED**

Table 2 reflects the changes in net position in 2015 and 2014 with no comparison to 2013 as the prior two periods were agreed upon procedures and no amounts were reported.

Table 2
CHANGES IN NET POSITION

	Governmental Activities	
	2015	2014
Receipts:		
Program Receipts:		
Charges for Services	\$ 10,308	\$ 10,311
Operating Grants	121,109	115,134
Total Program Receipts	131,417	125,445
General Receipts;		
Property and Other Tax	96,844	97,232
Grants and Entitlements		
not Restricted	18,880	6,977
Interest	700	195
Miscellaneous	15,295	22,482
Total General Receipts	131,719	126,886
Total Receipts	263,136	252,331
Disbursements:		
General Government	56,501	71,454
Public Safety	28,750	25,549
Public Works	106,210	64,321
Health	4,000	3,230
Capital Outlay	30,627	8,324
Total Disbursements	226,088	172,878
Increase/(Decrease)		
In Net Position	37,048	79,453
Net Position, January 1	734,156	654,703
Net Position, December 31	\$ 771,204	\$ 734,156

Program receipts represent 49% and 49% of total receipts for 2015 and 2014, respectively. They are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 51%, and 51% of the Township's total receipts for 2015 and 2014, respectively. Local taxes represent 74%, and 76% of the general receipts. Grants and entitlements make up the balance of general receipts. Other receipts are insignificant and somewhat unpredictable receipt sources.

Disbursements for general government represent the overhead costs of running the Township and the support services provided for the other Township activities.

**LIBERTY TOWNSHIP, CRAWFORD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
UNAUDITED**

Township Activities

If you look at the Statement of Activities you will see that the first column lists the major services provided by Liberty Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Public Works, Public Safety and General Government, which account for 47%, 11% and 25% in 2015 and 37%, 15% and 41% in 2014 of all governmental disbursements. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. This “net cost” amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of service and the net cost for 2015 and 2014 is presented in Table 3.

TABLE 3

	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
General Government	\$ 56,501	\$ 39,687	\$ 71,454	\$ 54,529
Public Safety	28,750	20,750	25,549	17,549
Public Works	106,210	1,915	64,321	(33,888)
Health	4,000	2,892	3,230	2,119
Other	-	(1,200)	-	(1,200)
Capital Outlay	30,627	30,627	8,324	8,324
Total Expenses	<u>\$ 226,088</u>	<u>\$ 94,671</u>	<u>\$ 172,878</u>	<u>\$ 47,433</u>

The dependence upon property and tax receipts is apparent as a majority of governmental activities are supported through these general receipts.

The Government's Funds

Total governmental funds had receipts of \$263,136 and \$252,331 for 2015 and 2014 and disbursements of \$226,088 and \$172,878 for 2015 and 2014, respectively.

Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

During 2015 and 2014, the Township made amendments to its appropriation budget and receipts budget to reflect changing circumstances. For 2015 and 2014, actual receipts were greater than budgeted receipts.

Final budgeted disbursements for 2015 and 2014 were \$267,212 and \$281,476, respectively. Actual disbursements for 2015 and 2014 were \$61,652 and \$75,348, respectively. The Township kept spending close to budgeted amounts.

**LIBERTY TOWNSHIP, CRAWFORD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
UNAUDITED**

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but records payments for capital assets as disbursements.

Debt

As of December 31, 2015 and 2014, there was no debt.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases, shrinking funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts no deficit for 2016. The finance committee and the administration implemented a strategy to delay any deficits. This plan became effective beginning in 2006 and seems to have worked very well. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Township. We have reduced the number of roads being repaired due to the high cost of materials and labor. We are looking to seek grants to help with those projects.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ruth Ann Crabaugh, Fiscal Officer, 3948 Ridgeton Road, Bucyrus, Ohio 44820.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

**STATEMENT OF NET POSITION-CASH BASIS
December 31, 2015**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 771,204</u>
Total Assets	<u>\$ 771,204</u>
NET POSITION:	
Restricted for:	
Capital Projects	\$ 38,400
Debt Service	11,338
Other Purposes	502,236
Unrestricted	<u>219,230</u>
Total Net Position	<u><u>\$ 771,204</u></u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
Governmental Activities:					
General Government	\$ 56,501	\$ -	\$ 16,814	\$ -	\$ (39,687)
Public Safety	28,750	8,000	-	-	(20,750)
Public Works	106,210	-	104,295	-	(1,915)
Health	4,000	1,108	-	-	(2,892)
Other	-	1,200	-	-	1,200
Capital Outlay	30,627	-	-	-	(30,627)
Total Governmental Activities	<u>\$ 226,088</u>	<u>\$ 10,308</u>	<u>\$ 121,109</u>	<u>\$ -</u>	<u>\$ (94,671)</u>

General Receipts:

Property Taxes Levied for:	
General Purposes	96,844
Grants and Entitlements not	
Restricted to Specific Programs	18,880
Interest	700
Miscellaneous	15,295
	<u>131,719</u>
Total General Receipts	<u>131,719</u>
Change in Net Position	37,048
Net Position Beginning of Year	<u>734,156</u>
Net Position End of Year	<u>\$ 771,204</u>

See notes to the basic financial statements.

LIBERTY TOWNSHIP
CRAWFORD COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2015

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire Levy</u>	<u>Ambulance/ EMS</u>	<u>Fire Equipment</u>	<u>Misc. Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:								
Equity in Pooled Cash and cash Equivalents	\$ 219,230	\$ 137,263	\$ 110,985	\$ 85,613	\$ 109,864	\$ 38,400	\$ 69,849	\$ 771,204
Total Assets	<u>\$ 219,230</u>	<u>\$ 137,263</u>	<u>\$ 110,985</u>	<u>\$ 85,613</u>	<u>\$ 109,864</u>	<u>\$ 38,400</u>	<u>\$ 69,849</u>	<u>\$ 771,204</u>
Fund Balances:								
Restricted	-	137,263	110,985	85,613	109,864	38,400	69,849	551,974
Unassigned	219,230			-	-	-	-	219,230
Total Fund Balances	<u>\$ 219,230</u>	<u>\$ 137,263</u>	<u>\$ 110,985</u>	<u>\$ 85,613</u>	<u>\$ 109,864</u>	<u>\$ 38,400</u>	<u>\$ 69,849</u>	<u>\$ 771,204</u>

See notes to basic financial statements.

LIBERTY TOWNSHIP
CRAWFORD COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
December 31, 2015

	General	Gasoline Tax	Fire Levy	Ambulance/ EMS	Fire Equipment	Miscellaneous Capital Projects	Other Governmental Funds	Total Governmental Funds
CASH RECEIPTS								
Property and Other Local Taxes	\$ 41,006	\$ -	\$ 12,245	\$ 12,930	\$ 21,551	\$ -	\$ 9,112	\$ 96,844
Charges for Services	-	-	8,000	-	-	-	-	8,000
Licenses, Permits, and Fees	1,108	-	-	-	-	-	-	1,108
Intergovernmental	26,060	92,454	2,022	2,256	3,760	-	13,437	139,989
Interest	578	112	-	-	-	-	10	700
Other	1,321	-	8,554	-	-	-	6,620	16,495
Total Receipts	<u>70,073</u>	<u>92,566</u>	<u>30,821</u>	<u>15,186</u>	<u>25,311</u>	<u>-</u>	<u>29,179</u>	<u>263,136</u>
CASH DISBURSEMENTS:								
Current:								
General Government	55,384	-	395	350	372	-	-	56,501
Public Safety	77	-	16,570	503	11,600	-	-	28,750
Public Works	2,191	83,368	2,747	-	-	-	17,904	106,210
Health	4,000	-	-	-	-	-	-	4,000
Capital Outlay	-	2,750	39	3,562	-	24,276	-	30,627
Total Disbursements	<u>61,652</u>	<u>86,118</u>	<u>19,751</u>	<u>4,415</u>	<u>11,972</u>	<u>24,276</u>	<u>17,904</u>	<u>226,088</u>
Net Change in Cash Fund Balances	8,421	6,448	11,070	10,771	13,339	(24,276)	11,275	37,048
Cash Fund Balances Beginning of Year	<u>210,809</u>	<u>130,815</u>	<u>99,915</u>	<u>74,842</u>	<u>96,525</u>	<u>62,676</u>	<u>58,574</u>	<u>734,156</u>
Cash Fund Balances End of Year	<u>\$ 219,230</u>	<u>\$ 137,263</u>	<u>\$ 110,985</u>	<u>\$ 85,613</u>	<u>\$ 109,864</u>	<u>\$ 38,400</u>	<u>\$ 69,849</u>	<u>\$ 771,204</u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 40,454	\$ 40,454	\$ 41,006	\$ 552
Licenses, Permits and Fines	1,200	1,200	1,108	(92)
Intergovernmental	14,657	14,657	26,060	11,403
Interest	100	100	578	478
Other	2,725	2,725	1,321	(1,404)
Total Receipts	<u>59,136</u>	<u>59,136</u>	<u>70,073</u>	<u>10,937</u>
CASH DISBURSEMENTS:				
Current:				
General Government	132,387	132,387	55,384	77,003
Public Safety	9,325	9,325	77	9,248
Public Works	78,500	78,500	2,191	76,309
Health	4,000	4,000	4,000	-
Capital Outlay	43,000	43,000	-	43,000
Total Disbursements	<u>267,212</u>	<u>267,212</u>	<u>61,652</u>	<u>205,560</u>
Net Change in Cash Fund Balance	(208,076)	(208,076)	8,421	216,497
Cash Fund Balances Beginning of Year	<u>210,809</u>	<u>210,809</u>	<u>210,809</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 2,733</u>	<u>\$ 2,733</u>	<u>\$ 219,230</u>	<u>\$ 216,497</u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Intergovernmental	\$ 86,000	\$ 86,000	\$ 92,454	\$ 6,454
Interest	15	15	112	97
Total Receipts	<u>86,015</u>	<u>86,015</u>	<u>92,566</u>	<u>6,551</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	184,875	184,875	83,368	101,507
Capital Outlay	30,000	30,000	2,750	27,250
Total Disbursements	<u>214,875</u>	<u>214,875</u>	<u>86,118</u>	<u>128,757</u>
Net Change in Cash Fund Balances	(128,860)	(128,860)	6,448	135,308
Cash Fund Balances Beginning of Year	<u>130,815</u>	<u>130,815</u>	<u>130,815</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 1,955</u>	<u>\$ 1,955</u>	<u>\$ 137,263</u>	<u>\$ 135,308</u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 12,094	\$ 12,094	\$ 12,245	\$ 151
Charges for Services	8,000	8,000	8,000	-
Intergovernmental	2,000	2,000	2,022	22
Other	14,000	14,000	8,554	(5,446)
Total Receipts	<u>36,094</u>	<u>36,094</u>	<u>30,821</u>	<u>(5,273)</u>
CASH DISBURSEMENTS:				
Current:				
General Government	425	425	395	30
Public Safety	47,395	47,395	16,570	30,825
Public Works	2,747	2,747	2,747	-
Capital Outlay	84,000	84,000	39	83,961
Total Disbursements	<u>134,567</u>	<u>134,567</u>	<u>19,751</u>	<u>114,816</u>
Net Change in Cash Fund Balances	(98,473)	(98,473)	11,070	109,543
Cash Fund Balances Beginning of Year	<u>99,915</u>	<u>99,915</u>	<u>99,915</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 1,442</u>	<u>\$ 1,442</u>	<u>\$ 110,985</u>	<u>\$ 109,543</u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
AMBULANCE & EMS LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
CASH RECEIPTS				
Property and Other Local Taxes	\$ 12,752	\$ 12,752	\$ 12,930	\$ 178
Intergovernmental	2,300	2,300	2,256	(44)
Total Receipts	<u>15,052</u>	<u>15,052</u>	<u>15,186</u>	<u>134</u>
CASH DISBURSEMENTS:				
Current:				
General Government	883	883	350	533
Public Safety	5,625	5,625	503	5,122
Capital Outlay	82,000	82,000	3,562	78,438
Total Disbursements	<u>88,508</u>	<u>88,508</u>	<u>4,415</u>	<u>84,093</u>
Net Change in Cash Fund Balances	(73,456)	(73,456)	10,771	84,227
Cash Fund Balances Beginning of Year	<u>74,842</u>	<u>74,842</u>	<u>74,842</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 1,386</u>	<u>\$ 1,386</u>	<u>\$ 85,613</u>	<u>\$ 84,227</u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FIRE EQUIPMENT LEVY
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
CASH RECEIPTS				
Property and Other Local Taxes	\$ 21,253	\$ 21,253	\$ 21,551	\$ 298
Intergovernmental	3,751	3,751	3,760	9
Other	200	200	-	(200)
Total Receipts	<u>25,204</u>	<u>25,204</u>	<u>25,311</u>	<u>107</u>
CASH DISBURSEMENTS:				
Current:				
General Government	500	500	372	128
Public Safety	99,961	99,961	11,600	88,361
Capital Outlay	20,000	20,000	-	20,000
Total Disbursements	<u>120,461</u>	<u>120,461</u>	<u>11,972</u>	<u>108,489</u>
Net Change in Cash Fund Balances	(95,257)	(95,257)	13,339	108,596
Cash Fund Balances Beginning of Year	<u>96,525</u>	<u>96,525</u>	<u>96,525</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 1,268</u>	<u>\$ 1,268</u>	<u>\$ 109,864</u>	<u>\$ 108,596</u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

**STATEMENT OF NET POSITION-CASH BASIS
December 31, 2014**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 734,156</u>
Total Assets	<u>\$ 734,156</u>
NET POSITION:	
Restricted for:	
Capital Projects	\$ 62,676
Debt Service	11,338
Other Purposes	449,333
Unrestricted	<u>210,809</u>
Total Net Position	<u><u>\$ 734,156</u></u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
Governmental Activities:					
General Government	\$ 71,454	\$ -	\$ 16,925	\$ -	\$ (54,529)
Public Safety	25,549	8,000	-	-	(17,549)
Public Works	64,321	-	98,209	-	33,888
Health	3,230	1,111	-	-	(2,119)
Other	-	1,200	-	-	1,200
Capital Outlay	8,324	-	-	-	(8,324)
Total Governmental Activities	<u>\$ 172,878</u>	<u>\$ 10,311</u>	<u>\$ 115,134</u>	<u>\$ -</u>	<u>\$ (47,433)</u>

General Receipts:

Property Taxes Levied for:	
General Purposes	97,232
Grants and Entitlements not	
Restricted to Specific Programs	6,977
Interest	195
Miscellaneous	22,482
	<u>126,886</u>
Total General Receipts	<u>126,886</u>
Change in Net Position	79,453
Net Position Beginning of Year	<u>654,703</u>
Net Position End of Year	<u>\$ 734,156</u>

See notes to the basic financial statements.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2014**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire Levy</u>	<u>Ambulance/ EMS</u>	<u>Fire Equipment</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:							
Equity in Pooled Cash and cash Equivalents	\$ 210,809	\$ 130,815	\$ 99,915	\$ 74,842	\$ 96,525	\$ 121,250	\$ 734,156
Total Assets	<u>\$ 210,809</u>	<u>\$ 130,815</u>	<u>\$ 99,915</u>	<u>\$ 74,842</u>	<u>\$ 96,525</u>	<u>\$ 121,250</u>	<u>\$ 734,156</u>
Fund Balances:							
Restricted	-	130,815	99,915	74,842	96,525	121,250	523,347
Unassigned	210,809			-	-	-	210,809
Total Fund Balances	<u>\$ 210,809</u>	<u>\$ 130,815</u>	<u>\$ 99,915</u>	<u>\$ 74,842</u>	<u>\$ 96,525</u>	<u>\$ 121,250</u>	<u>\$ 734,156</u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
December 31, 2014**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire Levy</u>	<u>Ambulance/ EMS</u>	<u>Fire Equipment</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CASH RECEIPTS							
Property and Other Local Taxes	\$ 41,168	\$ -	\$ 12,292	\$ 12,985	\$ 21,640	\$ 9,148	\$ 97,233
Charges for Services	-	-	8,000	-	-	-	8,000
Licenses, Permits, and Fees	1,111	-	-	-	-	-	1,111
Intergovernmental	14,236	86,645	2,029	2,264	3,772	13,165	122,111
Interest	183	11	-	-	-	1	195
Other	2,797	-	14,545	-	130	6,209	23,681
Total Receipts	<u>59,495</u>	<u>86,656</u>	<u>36,866</u>	<u>15,249</u>	<u>25,542</u>	<u>28,523</u>	<u>252,331</u>
CASH DISBURSEMENTS:							
Current:							
General Government	71,077	-	234	-	143	-	71,454
Public Safety	239	-	18,316	934	6,060	-	25,549
Public Works	802	36,344	4,606	-	-	22,569	64,321
Health	3,230	-	-	-	-	-	3,230
Other	-	-	-	-	-	-	-
Capital Outlay	-	-	1,081	443	-	6,800	8,324
Total Disbursements	<u>75,348</u>	<u>36,344</u>	<u>24,237</u>	<u>1,377</u>	<u>6,203</u>	<u>29,369</u>	<u>172,878</u>
Net Change in Cash Fund Balances	(15,853)	50,312	12,629	13,872	19,339	(846)	79,453
Cash Fund Balances Beginning of Year	<u>226,662</u>	<u>80,503</u>	<u>87,286</u>	<u>60,970</u>	<u>77,186</u>	<u>122,096</u>	<u>654,703</u>
Cash Fund Balances End of Year	<u>\$ 210,809</u>	<u>\$ 130,815</u>	<u>\$ 99,915</u>	<u>\$ 74,842</u>	<u>\$ 96,525</u>	<u>\$ 121,250</u>	<u>\$ 734,156</u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 40,200	\$ 40,200	\$ 41,168	\$ 968
Licenses, Permits and Fines	1,200	1,200	1,111	(89)
Intergovernmental	14,286	14,286	14,236	(50)
Interest	100	100	183	83
Other	1,325	1,325	2,797	1,472
Total Receipts	<u>57,111</u>	<u>57,111</u>	<u>59,495</u>	<u>2,384</u>
CASH DISBURSEMENTS:				
Current:				
General Government	120,296	120,296	71,077	49,219
Public Safety	9,180	9,180	239	8,941
Public Works	105,000	105,000	802	104,198
Health	4,000	4,000	-	4,000
Capital Outlay	43,000	43,000	3,230	39,770
Total Disbursements	<u>281,476</u>	<u>281,476</u>	<u>75,348</u>	<u>206,128</u>
Net Change in Cash Fund Balance	(224,365)	(224,365)	(15,853)	208,512
Cash Fund Balances Beginning of Year	<u>226,662</u>	<u>226,662</u>	<u>226,662</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 2,297</u>	<u>\$ 2,297</u>	<u>\$ 210,809</u>	<u>\$ 208,512</u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Intergovernmental	\$ 80,600	\$ 80,600	\$ 86,645	\$ 6,045
Interest	10	10	11	1
Total Receipts	<u>80,610</u>	<u>80,610</u>	<u>86,656</u>	<u>6,046</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	136,674	136,674	36,344	100,330
Capital Outlay	23,025	23,025	-	23,025
Total Disbursements	<u>159,699</u>	<u>159,699</u>	<u>36,344</u>	<u>123,355</u>
Net Change in Cash Fund Balances	(79,089)	(79,089)	50,312	129,401
Cash Fund Balances Beginning of Year	<u>80,503</u>	<u>80,503</u>	<u>80,503</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 1,414</u>	<u>\$ 1,414</u>	<u>\$ 130,815</u>	<u>\$ 129,401</u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 12,205	\$ 12,205	\$ 12,292	\$ 87
Charges for Services	8,000	8,000	8,000	-
Intergovernmental	2,020	2,020	2,029	9
Other	12,500	12,500	14,545	2,045
Total Receipts	<u>34,725</u>	<u>34,725</u>	<u>36,866</u>	<u>2,141</u>
CASH DISBURSEMENTS:				
Current:				
General Government	450	450	234	216
Public Safety	45,294	45,294	18,316	26,978
Public Works	4,850	4,850	4,606	244
Capital Outlay	69,975	69,975	1,081	68,894
Total Disbursements	<u>120,569</u>	<u>120,569</u>	<u>24,237</u>	<u>96,332</u>
Net Change in Cash Fund Balances	(85,844)	(85,844)	12,629	98,473
Cash Fund Balances Beginning of Year	<u>87,286</u>	<u>87,286</u>	<u>87,286</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 1,442</u>	<u>\$ 1,442</u>	<u>\$ 99,915</u>	<u>\$ 98,473</u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
AMBULANCE & EMS LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
CASH RECEIPTS				
Property and Other Local Taxes	\$ 12,664	\$ 12,664	\$ 12,985	\$ 321
Intergovernmental	2,335	2,335	2,264	(71)
Total Receipts	<u>14,999</u>	<u>14,999</u>	<u>15,249</u>	<u>250</u>
CASH DISBURSEMENTS:				
Current:				
General Government	857	857	-	857
Public Safety	1,175	1,175	934	241
Capital Outlay	72,000	72,000	443	71,557
Total Disbursements	<u>74,032</u>	<u>74,032</u>	<u>1,377</u>	<u>72,655</u>
Net Change in Cash Fund Balances	(59,033)	(59,033)	13,872	72,905
Cash Fund Balances Beginning of Year	<u>60,970</u>	<u>60,970</u>	<u>60,970</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 1,937</u>	<u>\$ 1,937</u>	<u>\$ 74,842</u>	<u>\$ 72,905</u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FIRE EQUIPMENT LEVY
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 21,107	\$ 21,107	\$ 21,640	\$ 533
Intergovernmental	3,725	3,725	3,772	47
Other	1,200	1,200	130	(1,070)
Total Receipts	<u>26,032</u>	<u>26,032</u>	<u>25,542</u>	<u>(490)</u>
CASH DISBURSEMENTS:				
Current:				
General Government	474	474	143	331
Public Safety	81,475	81,475	6,060	75,415
Capital Outlay	20,000	20,000	-	20,000
Total Disbursements	<u>101,949</u>	<u>101,949</u>	<u>6,203</u>	<u>95,746</u>
Net Change in Cash Fund Balances	(75,917)	(75,917)	19,339	95,256
Cash Fund Balances Beginning of Year	<u>77,186</u>	<u>77,186</u>	<u>77,186</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 1,269</u>	<u>\$ 1,269</u>	<u>\$ 96,525</u>	<u>\$ 95,256</u>

See notes to basic financial statements.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF THE REPORTING ENTITY

Reporting Entity

The Township of Liberty, Crawford County, is a body politic and corporate established in 1826 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three member Board of Trustees and a publicly elected Fiscal Officer.

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

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township road and bridges, cemetery maintenance, fire protection and EMS services. Police protection is provided by the Crawford County Sheriff.

Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; (3) the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or (4) the Township is obligated for the debt of the organization. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township.

Liberty Township has no component units.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Township does not report assets for equity interest in joint ventures.

The Township participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. This organization is: Public Entity Risk Pool: Ohio Township Association Risk Management Authority (OTARMA). The Plan provides property, casualty and liability coverage.

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

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or service. The Township has no business-type activities.

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

Fund Financial Statements

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

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into one category: Governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Township's major funds:

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

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

Fire Levy Fund – This fund receives property tax monies to provide fire service to the residents of the Township.

Ambulance/EMS Levy – This fund receives property tax monies to provide ambulance and emergency medical services.

Fire Equipment Levy Fund – This fund receives property tax monies to help purchase fire equipment.

Miscellaneous Capital Projects Fund – This fund is comprised of estate tax funds that had been transferred from the general fund for a future township building.

Basis of Accounting

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

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

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

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

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

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

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

Cash and Investments

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

Investments 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 sale of investments are not recorded as receipts. Gains and losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2015 and 2014, the Township invested in nonnegotiable certificates of deposit.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2015 and 2014 was \$700 and \$195.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Amounts restricted for other purposes represents special revenue funds restricted to a specific use.

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.

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither 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. Net position restricted for other purposes include gasoline tax receipts used for the upkeep of Township roads and bridges, real estate tax used for fire protection and EMS services, permissive tax used for upkeep of roads. 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 are available.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

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 must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

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

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees removes or change the specified use by taking the same type of action (resolution) it employed to previously commit the amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by ordinance, or by State Statute.

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

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

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.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

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

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance-Budget and Actual-Budgetary Basis presented for the General Fund and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparisons of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance. There were no outstanding encumbrances at year-end for 2015 and 2014.

4. DEPOSITS

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

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

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

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

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

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

4. DEPOSITS (Continued)

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuance of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligation of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligation described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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. Payments for investments may be made only upon delivery of the securities representing the investments to the fiscal officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Township did not have any undeposited cash on hand for 2015 or 2014.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

4. DEPOSITS (Continued)

Deposits:

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments:

As of December 31, 2015 and 2014, the Township had the following investments:

Investment Type	Fair Value	Maturity
Certificates of Deposits – 2015	\$ 18,684	Less Than 1 Yr.
Certificates of Deposits - 2014	18,646	Less Than 1 Yr.

Interest Rate Risk – Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township’s investment policy addresses interest rate risk by requiring the Township’s investment portfolio be structured so that 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 – STAR Ohio carries a rating of AAAM by Standards and Poor’s. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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 that are in the possession of an outside party.

The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which state “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. Certificates of Deposits represents 100% of all investments as of December 31, 2015.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2015 for real and public utility property taxes represent collections of 2014 taxes.

2015 real property taxes are levied after October 1, 2015, on assessed value at January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016.

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. 2015 public utility property taxes which became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2015, was 4.80 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2015 property tax receipts were based are as follows:

Real Property	\$ 31,813,760
Public Utility Personal Property	1,091,740
Total Assessed Value	<u>\$ 32,905,500</u>

6. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

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

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

6. RISK MANAGEMENT (Continued)

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 and 2014 (the latest information available):

	2015	2014
Assets	\$37,313,311	\$35,970,263
Liabilities	(8,418,518)	(8,912,432)
Retained Earnings	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township’s share of these unpaid claims collectible in future years is approximately \$4,548.

Based on discussion with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA

2015	\$8,581
2014	8,326
2013	8,165

After completing one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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 cost-sharing, multiple employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (Continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (Continued)

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in Calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2015 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2015 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$6,994 and \$7,421 for year 2015 and 2014, respectively.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

8. POSTEMPLOYMENT BENEFITS

Plan Description

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 two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement on the OPERS 2014 CAFR for details.

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 in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, State and Local employers contributed at a rate of 14.00% of earnable salary and Public Safety and Law Enforcement employers contributed at a rate at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

8. POSTEMPLOYMENT BENEFITS (Continued)

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee’s Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The OPERS Board of Trustees 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 to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%

The Township’s contributions that were used to fund health care were \$999 and \$1,060 for 2015 and 2014, respectively.

9. FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for major governmental funds and all other governmental funds as of December 31, 2015 are presented below:

Fund Balance	General	Gasoline Tax	Fire Levy	Ambulance EMS Levy	Fire Equip Levy
Restricted					
Fire & EMS	\$ -	\$ -	\$ 110,985	\$ 85,613	\$ 109,864
Road & Bridge Maint	-	137,263			-
Building	-	-	-	-	-
Total Restricted	-	137,263	110,985	85,613	109,864
Unassigned	219,230	-	-	-	-
Total Fund Balances	<u>\$ 219,230</u>	<u>\$ 137,263</u>	<u>\$ 110,985</u>	<u>\$ 85,613</u>	<u>\$ 109,864</u>

Fund Balance	Misc. Capital Projects	Other Governmental Funds	Total
Restricted			
Fire & EMS	\$ -	\$ -	\$ 306,462
Road & Bridge Maint	-	58,511	195,873
Debt Service	-	11,338	11,338
Building	38,400	-	38,400
Total Restricted	38,400	69,849	551,974
Unassigned	-	-	219,230
Total Fund Balances	<u>\$ 38,400</u>	<u>\$ 69,849</u>	<u>\$ 771,204</u>

**LIBERTY TOWNSHIP
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

9. FUND BALANCES (Continued)

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for major governmental funds and all other governmental funds as of December 31, 2014 are presented below:

Fund Balance	General	Gasoline Tax	Fire Levy	Ambulance EMS Levy	Fire Equip Levy
Restricted					
Fire & EMS	\$ -	\$ -	\$ 99,915	\$ 74,842	\$ 96,525
Road & Bridge Maint	-	130,815	-	-	-
Total Restricted	-	130,815	99,915	74,842	96,525
Unassigned	210,809	-	-	-	-
Total Fund Balances	\$ 210,809	\$ 130,815	\$ 99,915	\$ 74,842	\$ 96,525

Fund Balance	Other Government Funds	Total
Restricted		
Fire & EMS	\$ -	\$ 271,282
Road & Bridge Maint	47,236	178,051
Building	62,676	62,676
Debt Service	11,338	11,338
Total Restricted	121,250	523,347
Unassigned	-	210,809
Total Fund Balances	\$ 121,250	\$ 734,156

10. CHANGES IN ACCOUNTING PRINCIPLE

For 2015, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.

Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The total pension liability will be computed on a different basis than the current actuarial liability and it is deemed likely that this pronouncement would have a material impact on governments who prepare their financial statements in accordance with accounting principles generally accepted in the United State of America. Since the Township currently reports on the cash basis of accounting, there is not any effect on the financial statements; however, there are additional disclosure requirements which are included in Note 7.

11. COMPLIANCE

Contrary to ORC 5705.41(D), there were expenditures made prior to certification of funds.

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

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

Liberty Township
Crawford County
3948 Ridgeton Road
Bucyrus, Ohio 44820

To the Township Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty Township, Crawford County as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 5, 2016, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles. We also noted the Township adopted Governmental Accounting Standards Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Wilson, Phillips & Agin, CPA's, Inc..
Zanesville, Ohio
June 5, 2016



Dave Yost • Auditor of State

LIBERTY TOWNSHIP

CRAWFORD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 27, 2016**