

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

AUDIT REPORT

JANUARY 1, 2016 - DECEMBER 31, 2017

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



Dave Yost • Auditor of State

Township Trustees
Liberty Township
10104 Brewster Lane, Suite 125
Powell, Ohio 43065-7578

We have reviewed the *Independent Auditors' Report* of Liberty Township, Delaware County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 9, 2018

This page intentionally left blank.

**LIBERTY TOWNSHIP
DELAWARE COUNTY
JANUARY 1, 2016 - DECEMBER 31, 2017**

TABLE OF CONTENTS

Table of Contents	(i)
Independent Auditors' Report	1-2
Financial Statements	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2017	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes In Fund Cash Balances – All Proprietary and Fiduciary Funds For the Year Ended December 31, 2017	4
2017 Notes to the Financial Statements	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2016	13
Combined Statement of Cash Receipts, Cash Disbursements, and Changes In Fund Cash Balances – All Proprietary and Fiduciary Funds For the Year Ended December 31, 2016	14
2016 Notes to the Financial Statements	15
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards.	23
Schedule of Audit Findings	25
Schedule of Prior Audit Findings	27

This page intentionally left blank.

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

INDEPENDENT AUDITORS' REPORT

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

To the Township Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of Liberty Township, Delaware County, as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility For the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonable determinable, we presume they are material.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Liberty Township, Delaware County as of December 31, 2017 and 2016, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Liberty Township, Delaware County as of December 31, 2017 and 2016, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 20, 2018, 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

March 20, 2018

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 1,160,603	\$ 7,057,832	\$ 1,346,564	\$ -	\$ 9,564,999
Charges for Services	-	253,533	-	-	253,533
Licenses, Permits and Fees	372,443	27,865	-	-	400,308
Intergovernmental	202,526	1,355,076	187,221	5,624	1,750,447
Earnings on Investments	104,644	2,189	-	-	106,833
Miscellaneous	38,590	93,742	-	88,470	220,802
Total Cash Receipts	<u>1,878,806</u>	<u>8,790,237</u>	<u>1,533,785</u>	<u>94,094</u>	<u>12,296,922</u>
Cash Disbursements:					
Current:					
General Government	884,298	-	-	-	884,298
Public Safety	-	6,392,329	-	-	6,392,329
Public Works	-	759,155	-	5,624	764,779
Conservation-Recreation	525,366	-	18,656	-	544,022
Capital Projects	48,488	741,200	-	444,028	1,233,716
Debt Service:					
Principal Retirement	-	-	1,342,917	-	1,342,917
Interest and Fiscal Charges	-	-	112,895	-	112,895
Total Cash Disbursements	<u>1,458,152</u>	<u>7,892,684</u>	<u>1,474,468</u>	<u>449,652</u>	<u>11,274,956</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	420,654	897,553	59,317	(355,558)	1,021,966
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	-	13,205	-	6,263	19,468
Transfers-In	-	-	-	327,189	327,189
Transfers-Out	-	(327,189)	-	-	(327,189)
Total Other Financing Receipts (Disbursements)	-	(313,984)	-	333,452	19,468
Net Change in Fund Cash Balance	420,654	583,569	59,317	(22,106)	1,041,434
Fund Cash Balances, January 1	<u>2,587,916</u>	<u>4,107,086</u>	<u>130,292</u>	<u>480,050</u>	<u>7,305,344</u>
Fund Cash Balances, December 31					
Restricted	-	4,690,655	189,609	325,290	5,205,554
Committed	-	-	-	132,654	132,654
Assigned	-	-	-	-	-
Unassigned (Deficit)	3,008,570	-	-	-	3,008,570
Fund Cash Balances, December 31	<u>\$ 3,008,570</u>	<u>\$ 4,690,655</u>	<u>\$ 189,609</u>	<u>\$ 457,944</u>	<u>\$ 8,346,778</u>

See notes to financial statements.

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Private-Purpose Trust</u>	<u>Agency Fund</u>
Operating Cash Receipts:		
Earnings on Investments	\$ 47	\$ -
Total Operating Cash Receipts	<u>47</u>	<u>-</u>
Operating Cash Disbursements:		
Other	<u>-</u>	<u>-</u>
Total Operating Cash Disbursements	<u>-</u>	<u>-</u>
Operating Income (Loss)	47	-
Non-Operating Receipts/(Disbursements)		
Miscellaneous Receipts	<u>-</u>	<u>-</u>
Total Non-Operating Receipts/(Disbursements)	<u>-</u>	<u>-</u>
Net Change in Fund Cash Balances	47	-
Fund Cash Balances, January 1	<u>4,215</u>	<u>8,605</u>
Fund Cash Balances, December 31	<u>\$ 4,262</u>	<u>\$ 8,605</u>

See notes to financial statements.

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

1. REPORTING ENTITY

Description of the Entity

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund

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

Special Revenue Funds

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

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

Road and Bridge Fund – This fund receives property tax monies to pay for constructing, maintaining, and repairing Township roads.

Fire Services Fund – This fund receives property tax monies from a special fire levy for covering the cost of fire protection and EMS services.

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

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

Fire Tax Anticipation Note Fund – This fund receives tax money from the special fire levy to retire a note associated with covering the cost of fire protection in 2013.

Capital Projects Fund

These funds account for receipts restricted, committed, or assigned for expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Projects Fund:

Fire Department Capital Fund – This fund is used for capital expenditures made by the Fire Department. The fund receives tax money from the special fire levy for this purpose.

Road Department Capital Fund – This fund is used for capital expenditures made by the Road Department. The fund receives tax money from the inside 10 mill levy approved by the County Budget Commission for the Road and Bridge Fund.

Park Department Capital Fund – This fund is used for capital expenditures made by the Parks Department. The fund receives tax money from the inside 10 mill levy approved by the County Budget Commission for the General Fund.

Fiduciary Funds

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

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

The Township's agency fund is for the collection and holding of fees collected for applications requesting approval of development plans. These fees are then used to pay any costs (reasonable and necessary expenses) to complete the approval of the development plan.

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

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

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

D. Budgetary Process

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

Appropriations

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

Estimated Resources

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

Encumbrances

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

A summary of 2017 appears in Note 3.

E. Deposits and Investments

The Township's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

F. Capital Assets

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

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

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

H. Fund Balance

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

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

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2017 is as follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,765,065	\$ 1,878,806	\$ 113,741
Special Revenue	8,472,591	8,803,442	330,851
Debt Service	1,575,827	1,533,785	(42,042)
Capital Projects	385,164	427,546	42,382
Private Purpose Trust	-	47	47
Total	<u>\$ 12,198,647</u>	<u>\$ 12,643,626</u>	<u>\$ 444,979</u>

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,888,174	\$ 1,458,152	\$ 430,022
Special Revenue	9,155,202	8,219,873	935,329
Debt Service	1,479,487	1,474,468	5,019
Capital Projects	765,811	449,652	316,159
Private Purpose Trust	-	-	-
Total	<u>\$ 13,288,674</u>	<u>\$ 11,602,145</u>	<u>\$ 1,686,529</u>

Contrary to ORC 5705.41(D), the Township made expenditures prior to certification.
 Contrary to 5705.39, the Township had a fund that had appropriations greater than estimated resources.

3. EQUITY IN POOLED CASH

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

	2017
Demand Deposits	\$ 220,263
STAR Ohio	8,139,382
Total Deposits and Investments	<u>\$ 8,359,645</u>

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

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

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

5. PROPERTY TAX

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

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

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

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.00% of participant's gross salaries. The Township has paid all contributions required through December 31, 2017. In addition, the Township "picks-up" a portion of the employees' contribution per the table below.

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

7. DEFINED BENEFIT PENSION PLANS (Continued)

Ohio Police and Fire Retirement

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F and amount equal to 24.00% of full-time fire fighter’s wages. The Township has paid all contributions required through December 31, 2017. In addition, the Township “picks-up” a portion of the employees’ contribution per the table below.

OPERS Township “Pick-Up” of Employee Contribution 2016		
	Township “Pick-Up” Rate	Employee Contribution Rate
Union	10%	0%
Non-union full time staff	0%	10%
Part-time Park Staff	0%	10%
Part-time non-park Staff	10%	0%
Elected Officials	0%	10%
Assistant Fiscal Officer	0%	10%

OP&F Township “Pick-Up” of Employee Contributions (year-end)		
	Township “Pick-Up” Rate	Employee Contribution Rate
Fire Chief		
2017	10%	2.25%
Union Members		
2017	0%	12.25%

Social Security

Several Township employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2017.

8. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

9. DEBT

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest rate
2015 Refund Bonds	\$ 3,429,166	various
Fire Operations Note	1,000,000	1.94%
Total	\$ 4,429,166	

The Township issued a current refunding bond on November 20, 2015 in the amount of \$4,115,000. The loans were issued to finance road maintenance and for a term of twelve years to call the outstanding bonds of the Series 2006 Refunded Recreation Bonds. Principal payments and interest payments are due semi-annually on June and December 1st. The Township's taxing authority collateralized this bond and it is paid from the Debt Service Fund.

The Township issued tax anticipation notes of March 8, 2013, in the amount of \$4,800,000 for a term of five years. Principal payments and interest payments are due semi-annually on April and October 1st. The Township's taxing authority collateralized the note and it is paid from the debt service fund.

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

Year Ended December 31	Refunding Bonds	Fire Note
2018	411,500	1,019,400
2019	404,642	-
2020	397,783	-
2021	390,925	-
2022	384,067	-
2023-2027	1,817,458	-
Total	\$ 3,806,375	\$ 1,019,400

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 1,149,174	\$ 6,985,467	\$ 1,392,491	\$ -	\$ 9,527,132
Charges for Services	-	159,150	-	-	159,150
Licenses, Permits and Fees	360,771	31,860	-	-	392,631
Intergovernmental	198,915	1,235,887	183,588	556,637	2,175,027
Earnings on Investments	46,206	956	-	-	47,162
Miscellaneous	15,378	32,862	-	72,971	121,211
Total Cash Receipts	<u>1,770,444</u>	<u>8,446,182</u>	<u>1,576,079</u>	<u>629,608</u>	<u>12,422,313</u>
Cash Disbursements:					
Current:					
General Government	977,563	-	-	-	977,563
Public Safety	-	5,993,834	-	-	5,993,834
Public Works	-	819,584	-	556,637	1,376,221
Conservation-Recreation	555,664	-	19,772	-	575,436
Capital Projects	14,732	424,360	-	748,971	1,188,063
Debt Service:					
Principal Retirement	-	-	1,342,917	-	1,342,917
Interest and Fiscal Charges	-	-	140,675	-	140,675
Total Cash Disbursements	<u>1,547,959</u>	<u>7,237,778</u>	<u>1,503,364</u>	<u>1,305,608</u>	<u>11,594,709</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	222,485	1,208,404	72,715	(676,000)	827,604
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	-	51	-	21,735	21,786
Transfers-In	-	-	-	665,404	665,404
Transfers-Out	-	(665,404)	-	-	(665,404)
Advances-In	57,000	-	57,000	-	114,000
Advances-Out	(57,000)	-	(57,000)	-	(114,000)
Total Other Financing Receipts (Disbursements)	-	(665,353)	-	687,139	21,786
Net Change in Fund Cash Balance	222,485	543,051	72,715	11,139	849,390
Fund Cash Balances, January 1	<u>2,365,431</u>	<u>3,564,035</u>	<u>57,577</u>	<u>468,911</u>	<u>6,455,954</u>
Fund Cash Balances, December 31					
Restricted	-	4,060,852	130,292	248,188	4,439,332
Committed	-	-	-	181,468	181,468
Assigned	21,355	46,234	-	50,394	117,983
Unassigned (Deficit)	2,566,561	-	-	-	2,566,561
Fund Cash Balances, December 31	<u>\$ 2,587,916</u>	<u>\$ 4,107,086</u>	<u>\$ 130,292</u>	<u>\$ 480,050</u>	<u>\$ 7,305,344</u>

See notes to financial statements.

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Private-Purpose Trust	Agency Fund
Operating Cash Receipts:		
Earnings on Investments	\$ 22	\$ -
Total Operating Cash Receipts	22	-
Operating Cash Disbursements:		
Other	-	5,095
Total Operating Cash Disbursements	-	5,095
Operating Income (Loss)	22	(5,095)
Non-Operating Receipts/(Disbursements)		
Miscellaneous Receipts	-	13,700
Total Non-Operating Receipts/(Disbursements)	-	13,700
Net Change in Fund Cash Balances	22	8,605
Fund Cash Balances, January 1	4,193	-
Fund Cash Balances, December 31	\$ 4,215	\$ 8,605

See notes to financial statements.

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

1. REPORTING ENTITY

Description of the Entity

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund

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

Special Revenue Funds

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

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

Road and Bridge Fund – This fund receives property tax monies to pay for constructing, maintaining, and repairing Township roads.

Fire Services Fund – This fund receives property tax monies from a special fire levy for covering the cost of fire protection and EMS services.

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

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

Fire Tax Anticipation Note Fund – This fund receives tax money from the special fire levy to retire a note associated with covering the cost of fire protection in 2013.

Capital Projects Fund

These funds account for receipts restricted, committed, or assigned for expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Projects Fund:

Fire Department Capital Fund – This fund is used for capital expenditures made by the Fire Department. The fund receives tax money from the special fire levy for this purpose.

Road Department Capital Fund – This fund is used for capital expenditures made by the Road Department. The fund receives tax money from the inside 10 mill levy approved by the County Budget Commission for the Road and Bridge Fund.

Park Department Capital Fund – This fund is used for capital expenditures made by the Parks Department. The fund receives tax money from the inside 10 mill levy approved by the County Budget Commission for the General Fund.

Fiduciary Funds

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

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

The Township's agency fund is for the collection and holding of fees collected for applications requesting approval of development plans. These fees are then used to pay any costs (reasonable and necessary expenses) to complete the approval of the development plan.

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

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

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

D. Budgetary Process

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

Appropriations

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

Estimated Resources

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

Encumbrances

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

A summary of 2016 appears in Note 3.

E. Deposits and Investments

The Township's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

F. Capital Assets

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

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

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

H. Fund Balance

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

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

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2016 is as follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,684,707	\$ 1,770,444	\$ 85,737
Special Revenue	8,538,348	8,446,233	(92,115)
Debt Service	1,586,312	1,576,079	(10,233)
Capital Projects	1,509,000	1,316,747	(192,253)
Private Purpose Trust	-	22	22
Total	<u>\$ 13,318,367</u>	<u>\$ 13,109,525</u>	<u>\$ (208,842)</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,039,049	\$ 1,569,314	\$ 469,735
Special Revenue	8,885,422	7,949,416	936,006
Debt Service	1,513,817	1,503,364	10,453
Capital Projects	1,827,407	1,356,002	471,405
Private Purpose Trust	4,193	-	4,193
Total	<u>\$ 14,269,888</u>	<u>\$ 12,378,096</u>	<u>\$ 1,891,792</u>

Contrary to ORC 5705.41(D), the Township made expenditures prior to certification.
 Contrary to 5705.39, the Township had a fund that had appropriations greater than estimated resources.

3. EQUITY IN POOLED CASH

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

	2016
Demand Deposits	\$ 151,005
STAR Ohio	7,167,159
Total Deposits and Investments	<u>\$ 7,318,164</u>

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

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

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

5. PROPERTY TAX

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

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

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

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2016, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. The Township has paid all contributions required through December 31, 2016. In addition, the Township "picks-up" a portion of the employees' contribution per the table below.

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

7. DEFINED BENEFIT PENSION PLANS (Continued)

Ohio Police and Fire Retirement

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F and amount equal to 24.00% of full-time fire fighter’s wages. The Township has paid all contributions required through December 31, 2016. In addition, the Township “picks-up” a portion of the employees’ contribution per the table below.

OPERS Township “Pick-Up” of Employee Contribution 2016		
	Township “Pick-Up” Rate	Employee Contribution Rate
Union	10%	0%
Non-union full time staff	0%	10%
Part-time Park Staff	0%	10%
Part-time non-park Staff	10%	0%
Elected Officials	0%	10%
Assistant Fiscal Officer	0%	10%

OP&F Township “Pick-Up” of Employee Contributions (year-end)		
	Township “Pick-Up” Rate	Employee Contribution Rate
Fire Chief		
2016	10%	2.25%
Union Members		
2016	0%	12.25%

7. DEFINED BENEFIT PENSION PLANS

Social Security

Several Township employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2016.

8. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

9. DEBT

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest rate
2015 Refund Bonds	\$ 3,722,083	various
Fire Operations Note	2,000,000	1.94%
Total	\$ 5,722,083	

The Township issued a current refunding bond on November 20, 2015 in the amount of \$4,115,000. The loans were issued to finance road maintenance and for a term of twelve years to call the outstanding bonds of the Series 2006 Refunded Recreation Bonds. Principal payments and interest payments are due semi-annually on June and December 1st. The Township's taxing authority collateralized this bond and it is paid from the Debt Service Fund.

The Township issued tax anticipation notes of March 8, 2013, in the amount of \$4,800,000 for a term of five years. Principal payments and interest payments are due semi-annually on April and October 1st. The Township's taxing authority collateralized the note and it is paid from the debt service fund.

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

Year Ended December 31	Refunding Bonds	Fire Note
2017	\$ 418,359	\$ 1,038,800
2018	411,500	1,019,400
2019	404,642	-
2020	397,783	-
2021	390,925	-
2022-2026	1,851,750	-
2027-2031	349,775	-
Total	\$ 4,224,734	\$ 2,058,200

**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
Delaware County
10104 Brewster Lane, Suite 125
Powell, Ohio 43065

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Liberty Township, Delaware County as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated March 20, 2018, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered 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 one instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-001.

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
March 20, 2018

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

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

FINDING NUMBER 2017-001

Noncompliance – Certification of Funds

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D) (1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- If the fiscal officer can certify that both at the time that the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has 30 days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.
- Blanket Certificates. Fiscal officers may prepare "blanket" certificates if the Township has approved their use and established maximum amounts.
- Super Blanket Certificates. The Township may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

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

FINDING NUMBER 2017-001 (Continued)

The Township did not certify the availability of funds prior to the purchase commitment for 44% of expenditures tested. For these item the Township also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Township certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

Client Response: We have no response from the client.

**LIBERTY TOWNSHIP
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2015-001	Noncompliance/Material Weakness. Issue 2 funds	Yes	Finding No Longer Valid
2015-002	Finding for Recovery Health Benefits	No	Finding Still Valid Township has recovered some of the money but not all as of 12/31/17.

This page intentionally left blank.



Dave Yost • Auditor of State

LIBERTY TOWNSHIP

DELAWARE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 22, 2018**