



**LIVERPOOL TOWNSHIP
COLUMBIANA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Liverpool Township
Columbiana County
RD# 1 929 May Road
P.O. Box 1064
East Liverpool, OH 43920

To the Board of Trustees:

We have audited the accompanying financial statements of Liverpool Township, Columbiana County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 6, 2000

**LIVERPOOL TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$21,446	\$366,321	\$18,500	\$406,267
Intergovernmental	170,343	129,465		299,808
Licenses, Permits, and Fees	20,229			20,229
Fines, Forfeitures, and Penalties	24,874	628		25,502
Earnings on Investments	15,565	789		16,354
Other Revenue	11,497	73,570		85,067
	<u>263,954</u>	<u>570,773</u>	<u>18,500</u>	<u>853,227</u>
Total Cash Receipts				
	<u>263,954</u>	<u>570,773</u>	<u>18,500</u>	<u>853,227</u>
Cash Disbursements:				
Current:				
General Government	192,973			192,973
Public Safety	727	294,023		294,750
Public Works		197,361		197,361
Health	5,848			5,848
Redemption of Principal			23,750	23,750
Interest and Fiscal Charges			5,396	5,396
Capital Outlay		6,254		6,254
	<u>199,548</u>	<u>497,638</u>	<u>29,146</u>	<u>726,332</u>
Total Cash Disbursements				
	<u>199,548</u>	<u>497,638</u>	<u>29,146</u>	<u>726,332</u>
Total Receipts Over/(Under) Disbursements	<u>64,406</u>	<u>73,135</u>	<u>(10,646)</u>	<u>126,895</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		44,346	40,084	84,430
Transfers-Out	(49,892)	(34,538)		(84,430)
	<u>(49,892)</u>	<u>9,808</u>	<u>40,084</u>	
Total Other Financing Receipts/(Disbursements)				
	<u>(49,892)</u>	<u>9,808</u>	<u>40,084</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>14,514</u>	<u>82,943</u>	<u>29,438</u>	<u>126,895</u>
Fund Cash Balances, January 1	<u>233,391</u>	<u>146,623</u>		<u>380,014</u>
Fund Cash Balances, December 31	<u><u>\$247,905</u></u>	<u><u>\$229,566</u></u>	<u><u>\$29,438</u></u>	<u><u>\$506,909</u></u>

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

**LIVERPOOL TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$17,525	\$365,593	\$383,118
Intergovernmental	163,502	124,357	287,859
Licenses, Permits, and Fees	18,013		18,013
Fines, Forfeitures, and Penalties	31,632	738	32,370
Earnings on Investments	15,677	149	15,826
Other Revenue	4,776	110,137	114,913
	<u>251,125</u>	<u>600,974</u>	<u>852,099</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	301,621		301,621
Public Safety	4,128	275,293	279,421
Public Works		180,597	180,597
Health	4,939		4,939
Debt Service:			
Redemption of Principal		23,750	23,750
Interest and Fiscal Charges		6,749	6,749
Capital Outlay		5,330	5,330
	<u>310,688</u>	<u>491,719</u>	<u>802,407</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(59,563)</u>	<u>109,255</u>	<u>49,692</u>
Other Financing Receipts/(Disbursements):			
Other Sources	5,274		5,274
	<u>5,274</u>		<u>5,274</u>
Total Other Financing Receipts			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(54,289)	109,255	54,966
Fund Cash Balances, January 1	<u>287,680</u>	<u>37,368</u>	<u>325,048</u>
Fund Cash Balances, December 31	<u>\$233,391</u>	<u>\$146,623</u>	<u>\$380,014</u>

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

**LIVERPOOL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Liverpool Township, Columbiana County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, and fire protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Township has a checking account and invests in repurchase agreement and interest earned is recognized and recorded when received. Investment procedures are restricted by the provisions of the Ohio Revised Code.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

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

LIVERPOOL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

Police District Fund - This fund receives tax levy money to provide safety protection to the township residents.

Fire District Fund - This fund receives tax levy money to provide fire protection to the township residence.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Funds

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

LIVERPOOL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>(\$29,074)</u>	<u>(\$6,860)</u>
Total deposits	<u>(29,074)</u>	<u>(6,860)</u>
Sky Bank Repurchase Agreement	<u>535,983</u>	<u>386,874</u>
Total investments	<u>535,983</u>	<u>386,874</u>
Total deposits and investments	<u>\$506,909</u>	<u>\$380,014</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township.

Investments: The Township has a Repurchase Agreement and interest is calculated daily.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$371,808	\$263,954	(\$107,854)
Special Revenue	690,083	615,119	(74,964)
Debt Service	<u>0</u>	<u>58,584</u>	<u>58,584</u>
Total	<u>\$1,061,891</u>	<u>\$937,657</u>	<u>(\$124,234)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$371,808	\$249,440	\$122,368
Special Revenue	690,083	532,176	157,907
Debt Service	<u>0</u>	<u>29,146</u>	<u>(29,146)</u>
Total	<u>\$1,061,891</u>	<u>\$810,762</u>	<u>\$251,129</u>

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$425,769	\$256,399	(\$169,370)
Special Revenue	<u>616,102</u>	<u>600,974</u>	<u>(15,128)</u>
Total	<u>\$1,041,871</u>	<u>\$857,373</u>	<u>(\$184,498)</u>

**LIVERPOOL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$384,000	\$310,688	\$73,312
Special Revenue	520,050	491,719	28,331
Total	\$904,050	\$802,407	\$101,643

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Freight Liner Fire Truck	\$50,000	5.34%
Total	\$50,000	

The general obligation note was issued to finance the purchase of a new fire truck to be used by the Township for fire protection services.

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

Year ending December 31:	Fire Truck
2000	15,440
2001	14,705
2002	13,974
2003	13,235
Total	\$57,354

LIVERPOOL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

6. RETIREMENT SYSTEMS

The Township's Police employees belong to the Police and Firemen's Disability and Pension Funds(PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance to full-time employees through a private carrier.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Liverpool Township
Columbiana County
RD #1 929 May Street
P.O. Box 1064
East Liverpool, OH 43920

To the Board of Trustees:

We have audited the accompanying financial statements of Liverpool Township], Columbiana County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 6, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 6, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 6, 2000.

This report is intended for the information and use of the management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

June 6, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LIVERPOOL TOWNSHIP

COLUMBIANA 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
JULY 18, 2000**