



**LIVERPOOL TOWNSHIP
MEDINA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

LIVERPOOL TOWNSHIP
MEDINA COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Liverpool Township
Medina County
P.O. Box 381
Valley City, Ohio 44280

To the Board of Trustees:

We have audited the accompanying financial statements of Liverpool Township, Medina County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide 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 and reserves for encumbrances of the Township as of December 31, 2001 and 2000, 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 May 20, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management and the Board of Trustees 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

May 20, 2002

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**LIVERPOOL TOWNSHIP
MEDINA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$174,239	\$650,638	\$824,877
Intergovernmental	367,580	136,120	503,700
Licenses, Permits, and Fees	28,775	7,650	36,425
Fines, Forfeitures, and Penalties	375		375
Earnings on Investments	10,193	1,477	11,670
Other Revenue	11,075	12,056	23,131
	<u>592,237</u>	<u>807,941</u>	<u>1,400,178</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	227,635	2,251	229,886
Public Safety		267,217	267,217
Public Works	6,309	218,777	225,086
Health	19,732	9,037	28,769
Debt Service:			
Redemption of Principal	16,958		16,958
Interest	8,636		8,636
Capital Outlay	50,382	18,267	68,649
	<u>329,652</u>	<u>515,549</u>	<u>845,201</u>
Total Cash Disbursements			
Total Cash Receipts Over Cash Disbursements	262,585	292,392	554,977
Fund Cash Balances, January 1	591,446	805,332	1,396,778
Fund Cash Balances, December 31	<u>\$854,031</u>	<u>\$1,097,724</u>	<u>\$1,951,755</u>
Reserves for Encumbrances, December 31	<u>\$18,422</u>	<u>\$157,629</u>	<u>\$176,051</u>

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

**LIVERPOOL TOWNSHIP
MEDINA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$278,079	\$513,603	\$791,682
Intergovernmental	156,105	116,157	272,262
Licenses, Permits, and Fees	33,237	3,725	36,962
Fines, Forfeitures, and Penalties	789		789
Earnings on Investments	15,826	3,457	19,283
Other Revenue	8,029	17,757	25,786
	<u>492,065</u>	<u>654,699</u>	<u>1,146,764</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	207,097	26,239	233,336
Public Safety		271,691	271,691
Public Works	7,497	376,787	384,284
Health	16,980	6,932	23,912
Debt Service:			
Redemption of Principal	15,679		15,679
Interest and Fiscal Charges	9,915		9,915
Capital Outlay	167,048	143,022	310,070
	<u>424,216</u>	<u>824,671</u>	<u>1,248,887</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>67,849</u>	<u>(169,972)</u>	<u>(102,123)</u>
Other Financing Receipts:			
Sale of Fixed Assets		18,452	18,452
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	67,849	(151,520)	(83,671)
Fund Cash Balances, January 1	<u>523,597</u>	<u>956,852</u>	<u>1,480,449</u>
Fund Cash Balances, December 31	<u>\$591,446</u>	<u>\$805,332</u>	<u>\$1,396,778</u>
Reserves for Encumbrances, December 31	<u>\$13,442</u>	<u>\$0</u>	<u>\$13,442</u>

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

**LIVERPOOL TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Liverpool Township, Medina County, Ohio, (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 zoning, safety services, and police 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

Certificates of deposit are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is 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 by law or contracted to be restricted.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property taxes and intergovernmental receipts for constructing, and maintaining and repairing Township roads.

**LIVERPOOL TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

Fire Levy Fund - This fund receives real estate and property taxes, and intergovernmental receipts to provide fire protection to Township residents.

Police District Fund - This fund receives real estate and property tax revenue and other intergovernmental revenue to provide police protection to Township residents.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 carried over, and need not be reappropriated.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated 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 a liabilities under the cash basis of accounting used by the Township.

**LIVERPOOL TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$170,775	\$106,778
Certificates of deposit	1,781,000	1,290,000
Total deposits	\$1,951,775	\$1,396,778

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$581,008	\$592,237	\$11,229
Special Revenue	760,120	807,941	47,821
Total	\$1,341,128	\$1,400,178	\$59,050

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$809,442	\$348,074	\$461,368
Special Revenue	1,358,945	673,178	685,767
Total	\$2,168,387	\$1,021,252	\$1,147,135

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$495,187	\$492,065	(\$3,122)
Special Revenue	634,465	673,151	38,686
Total	\$1,129,652	\$1,165,216	\$35,564

**LIVERPOOL TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$752,269	\$437,658	\$314,611
Special Revenue	1,428,106	824,671	603,435
Total	\$2,180,375	\$1,262,329	\$918,046

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, 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.

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, 2001 was as follows:

	Principal	Interest Rate
Land Contract Note	\$95,150	8%

The Land Contract Note was issued in 1997 for park land acquisitions.

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

Year ending December 31:	Land Contract Note
2002	\$25,594
2003	25,594
2004	25,594
2005	25,594
2006	25,594
Total	\$127,970

**LIVERPOOL TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RETIREMENT SYSTEM

The employees of the Township belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000, through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Public Officials Liability.

The Township also provides health insurance, dental, and short term disability coverage to full-time employees through private carriers

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Liverpool Township
Medina County
P.O. Box 381
Valley City, Ohio 44280

To the Board of Trustees:

We have audited the accompanying financial statements of Liverpool Township, Medina County, Ohio (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 20, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the 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 another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated May 20, 2002.

Liverpool Township
Medina County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of 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". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

May 20, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

LIVERPOOL TOWNSHIP

MEDINA 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 23, 2002**