



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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## REPORT OF INDEPENDENT ACCOUNTANTS

Liverpool Township  
Medina County  
PO 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, 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 audits.

We conducted our audits 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 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 described 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 Liverpool Township, Medina County, 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 February 28, 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 management, the Board of Trustees, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

February 28, 2000



**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>		<b>Total (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash receipts:</b>			
Local Taxes	\$158,011	\$532,969	\$690,980
Intergovernmental	145,255	117,783	263,038
Licenses, Permits and Fees	17,893	5,900	23,793
Fines, Forfeitures, and Penalties	894		894
Earnings on Investments	20,204	3,481	23,685
Other	<u>23,648</u>	<u>9,018</u>	<u>32,666</u>
Total Cash Receipts	<u>365,905</u>	<u>669,151</u>	<u>1,035,056</u>
<b>Cash disbursements:</b>			
Current:			
General Government	203,099	3,528	206,627
Public Safety		277,194	277,194
Public Works	6,887	343,612	350,499
Health	17,608	7,705	25,313
Capital Outlay	103,652	238,070	341,722
Debt Service:			
Redemption of Principal	14,496		14,496
Interest and Fiscal Charges	<u>11,098</u>		<u>11,098</u>
Total Cash Disbursements	<u>356,840</u>	<u>870,109</u>	<u>1,226,949</u>
Total Cash Receipts over/(under) Cash Disbursements	9,065	(200,958)	(191,893)
Fund Cash Balances, January 1	<u>514,532</u>	<u>1,157,810</u>	<u>1,672,342</u>
Fund Cash Balances, December 31	<u>\$523,597</u>	<u>\$956,852</u>	<u>\$1,480,449</u>
Reserve for encumbrances, December 31	<u>\$87,769</u>	<u>\$44,106</u>	<u>\$131,875</u>

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

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

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash receipts:</b>			
Local Taxes	\$147,410	\$507,969	\$655,379
Intergovernmental	153,871	112,517	266,388
Licenses, Permits and Fees	16,738	8,130	24,868
Fines, Forfeitures, and Penalties	1,380		1,380
Earnings on Investments	27,504	4,487	31,991
Other	25,577	8,000	33,577
	<u>372,480</u>	<u>641,103</u>	<u>1,013,583</u>
Total Cash Receipts			
	<u>372,480</u>	<u>641,103</u>	<u>1,013,583</u>
<b>Cash disbursements:</b>			
Current:			
General Government	167,741		167,741
Public Safety		222,498	222,498
Public Works	6,855	239,442	246,297
Health	9,650	6,430	16,080
Capital Outlay	18,150	6,149	24,299
Debt Service:			
Redemption of Principal	13,402		13,402
Interest and Fiscal Charges	11,307	885	12,192
	<u>227,105</u>	<u>475,404</u>	<u>702,509</u>
Total Cash Disbursements			
	<u>227,105</u>	<u>475,404</u>	<u>702,509</u>
Total Cash Receipts over/(under) Cash Disbursements	145,375	165,699	311,074
Fund Cash Balances, January 1	<u>369,157</u>	<u>992,111</u>	<u>1,361,268</u>
Fund Cash Balances, December 31	<u>\$514,532</u>	<u>\$1,157,810</u>	<u>\$1,672,342</u>
Reserve for encumbrances, December 31	<u>\$22,646</u>	<u>\$34,193</u>	<u>\$56,839</u>

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



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

**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 cash 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**

Certificates of deposit are valued at cost.

**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:

**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 contract to be restricted.

**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:

*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.

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (continued)**

**Special Revenue Funds (continued)**

*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.

**Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object 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. 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 also approve estimated resources.

**Encumbrances**

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

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 capital outlay 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 cash basis of accounting used by the 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 investment 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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$108,449	\$141,342
Certificates of Deposit	<u>1,372,000</u>	<u>1,531,000</u>
Total deposits and investments	<u>\$1,480,449</u>	<u>\$1,672,342</u>

Deposits

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

The Township only invested in certificates of deposit during the accounting period.

**3. BUDGETARY ACTIVITY**

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

**1999 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$380,061	\$365,905	(\$14,156)
Special Revenue	<u>689,308</u>	<u>669,151</u>	<u>(20,157)</u>
Total	<u>\$1,069,369</u>	<u>\$1,035,056</u>	<u>(\$34,313)</u>

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$581,846	\$444,609	\$137,237
Special Revenue	<u>1,659,193</u>	<u>914,215</u>	<u>744,978</u>
Total	<u>\$2,241,039</u>	<u>\$1,358,824</u>	<u>\$882,215</u>

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

**3. BUDGETARY ACTIVITY (Continued)**

**1998 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$356,879	\$372,480	\$15,601
Special Revenue	<u>636,419</u>	<u>641,103</u>	<u>4,684</u>
Total	<u>\$993,298</u>	<u>\$1,013,583</u>	<u>\$20,285</u>

**1998 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$507,644	\$249,751	\$257,893
Special Revenue	<u>1,389,992</u>	<u>509,597</u>	<u>880,395</u>
Total	<u>\$1,897,636</u>	<u>\$759,348</u>	<u>\$1,138,288</u>

**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 with 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:

	<u>Principal</u>	<u>Interest Rate</u>
Land Contract Note	\$127,786	8.00%

Proceeds of the Land Contract Note were used for park land acquisitions.

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

**5. DEBT (continued)**

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

<u>Year Ending December 31:</u>	Land Contract Note
2000	\$25,594
2001	25,594
2002	25,594
2003	25,594
2004	25,594
2005-2006	<u>51,188</u>
Total	<u>\$179,158</u>

**6. RETIREMENT SYSTEMS**

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 1999 and 1998, 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:

- |                    |                             |
|--------------------|-----------------------------|
| -Property          | -Vehicles                   |
| -General Liability | -Public Officials Liability |

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

**8. CONTINGENT LIABILITIES**

The Township is defendant in a lawsuit. Although the outcome of this lawsuit is not presently determinable, counsel believes that the resolution of this matter will not materially or adversely affect the Township's financial condition.

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

Liverpool Township  
Medina County  
PO Box 381  
Valley City, Ohio 44280

To the Board of Trustees:

We have audited the financial statements of Liverpool Township, Medina County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated February 28, 2000. We conducted our audits 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 the management of the Township in a separate letter dated February 28, 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated February 28, 2000.

This report is intended 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.

**Jim Petro**  
Auditor of State

February 28, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**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  
APRIL 6, 2000**