



**Auditor of State  
Betty Montgomery**



LIVERPOOL TOWNSHIP  
COLUMBIANA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9
Schedule of Prior Audit Findings .....	11

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**Auditor of State  
Betty Montgomery**

**REPORT OF INDEPENDENT ACCOUNTANT'S**

Liverpool Township  
Columbiana County  
P.O. Box 1064  
East Liverpool, Ohio 43920

To the Board of Trustees:

We have audited the accompanying financial statements of Liverpool Township (the Township) as of and for the years ended December 31, 2003 and 2002. 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 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 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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN service, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

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 and reserves for encumbrances of the Township as of December 31, 2003 and 2002, 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 20, 2004 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 audit.

This report is intended solely for the information and use of the Board, management, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 20, 2004

**LIVERPOOL TOWNSHIP  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$24,433	\$408,247	\$432,680
Intergovernmental	97,283	142,378	239,661
Charges for Services		330	330
Licenses, Permits, and Fees	25,126		25,126
Fines, Forfeitures, and Penalties	11,826	672	12,498
Earnings on Investments	2,063	81	2,144
Other Revenue	22,796	11,582	34,378
	<u>183,527</u>	<u>563,290</u>	<u>746,817</u>
<b>Total Cash Receipts</b>			
	<u>183,527</u>	<u>563,290</u>	<u>746,817</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	171,949		171,949
Public Safety	26,178	306,236	332,414
Public Works		260,328	260,328
Capital Outlay		58,881	58,881
	<u>198,127</u>	<u>625,445</u>	<u>823,572</u>
<b>Total Cash Disbursements</b>			
	<u>198,127</u>	<u>625,445</u>	<u>823,572</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(14,600)</u>	<u>(62,155)</u>	<u>(76,755)</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In		95,703	95,703
Advances-In		25,000	25,000
Transfers-Out	(95,703)	0	(95,703)
Advances-Out	(25,000)		(25,000)
	<u>(120,703)</u>	<u>120,703</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(120,703)</u>	<u>120,703</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(135,303)</u>	<u>58,548</u>	<u>(76,755)</u>
<b>Fund Cash Balances, January 1</b>	<u>273,800</u>	<u>343,857</u>	<u>617,657</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$138,497</b></u>	<u><b>\$402,405</b></u>	<u><b>\$540,902</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$0</b></u>	<u><b>\$357,836</b></u>	<u><b>\$357,836</b></u>

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

**LIVERPOOL TOWNSHIP  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$23,509	\$391,696	\$415,205
Intergovernmental	180,913	193,913	374,826
Charges for Services		249	249
Licenses, Permits, and Fees	25,170		25,170
Fines, Forfeitures, and Penalties	11,787	587	12,374
Earnings on Investments	5,064	220	5,284
Other Revenue	10,338	16,860	27,198
	<u>256,781</u>	<u>603,525</u>	<u>860,306</u>
<b>Total Cash Receipts</b>			
	<u>256,781</u>	<u>603,525</u>	<u>860,306</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	149,068		149,068
Public Safety	42,938	313,545	356,483
Public Works	5,857	200,524	206,381
Capital Outlay		29,638	29,638
	<u>197,863</u>	<u>543,707</u>	<u>741,570</u>
<b>Total Cash Disbursements</b>			
	<u>197,863</u>	<u>543,707</u>	<u>741,570</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>58,918</u>	<u>59,818</u>	<u>118,736</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In		55,999	55,999
Transfers-Out	(55,999)		(55,999)
	<u>(55,999)</u>	<u>55,999</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(55,999)</u>	<u>55,999</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>2,919</u>	<u>115,817</u>	<u>118,736</u>
<b>Fund Cash Balances, January 1</b>	<u>270,881</u>	<u>228,040</u>	<u>498,921</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$273,800</b></u>	<u><b>\$343,857</b></u>	<u><b>\$617,657</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$8,055</b></u>	<u><b>\$68,856</b></u>	<u><b>\$76,911</b></u>

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



**LIVERPOOL TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**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 road and bridge maintenance, fire protection 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 and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively. The Township has a public funds checking account and a corporate investment index account (repurchase agreement).

**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.

**LIVERPOOL TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

*Police District Fund* - This fund receives property tax money which is used for police salaries and equipment purchases.

**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. 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 2003 and 2002 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. Accumulated Leave**

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

**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:

**LIVERPOOL TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS – (Continued)**

	2003	2002
Demand deposits	\$10,000	\$10,000
Total deposits	10,000	10,000
Repurchase agreement	530,902	607,657
Total investments	530,902	607,657
Total deposits and investments	\$540,902	\$617,657

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**Investments:** The Township's agent holds securities collateralizing repurchase agreements. The securities are not in the Township's name.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$73,046	\$183,527	\$110,481
Special Revenue	827,358	658,993	(168,365)
Total	\$900,404	\$842,520	(\$57,884)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$401,053	\$293,830	\$107,223
Special Revenue	802,056	983,281	(181,225)
Total	\$1,203,109	\$1,277,111	(\$74,002)

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$181,119	\$256,781	\$75,662
Special Revenue	583,522	659,524	76,002
Total	\$764,641	\$916,305	\$151,664

**3. BUDGETARY ACTIVITY – (Continued)**

**LIVERPOOL TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$379,560	\$261,917	\$117,643
Special Revenue	661,893	612,563	49,330
Total	\$1,041,453	\$874,480	\$166,973

**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.

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. RETIREMENT SYSTEMS**

The Township's full-time police officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F 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 2003 and 2002, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

**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.



## Auditor of State Betty Montgomery

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

Liverpool Township  
Columbiana County  
P.O. Box 1064  
East Liverpool, Ohio 43920

To the Board of Trustees:

We have audited the financial statements of Liverpool Township (the Township), Columbiana County as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated February 20, 2004 wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit 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 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 February 20, 2004.

#### Internal Control Over Financial Reporting

In planning and performing our audit, 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 a matter involving the internal control over financial reporting that did not require inclusion in this report, that we have reported to management of the Township in a separate letter dated February 20, 2004.

Liverpool Township  
Columbiana 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 the Board of Trustees, and management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 20, 2004

**LIVERPOOL TOWNSHIP  
COLUMBIANA COUNTY  
JANUARY 1, 2002 THROUGH DECEMBER 31, 2003**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2001-41215-001	5705.41(D), failure to certify funds	No	Partially corrected, will repeat in the management letter.
2001-41215-002	5705.36 and 5705.39, appropriations exceed estimated revenue	Yes	
2001-41215-003	5705.39, appropriations exceed estimated revenue	No	Partially corrected, will repeat in the management letter.
2001-41215-004	5705.41(B), disbursements exceeded appropriations	Yes	
2001-41215-005	117.38, failure to file annual report within 60 days of fiscal year end	Yes	

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**Auditor of State  
Betty Montgomery**

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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  
APRIL 20, 2004**