

Liverpool Township

Financial Condition

As of

December 31, 2006 and 2007

Together with Auditor's Report



Mary Taylor, CPA

Auditor of State

Board of Trustees
Liverpool Township
P.O. Box 1064
East Liverpool, Ohio 43920

We have reviewed the *Independent Auditor's Report* of Liverpool Township, Columbiana County, prepared by Kevin L. Penn, Inc., for the audit period January 1, 2006 through December 31, 2007. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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. Liverpool Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 11, 2008

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LIVERPOOL TOWNSHIP

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1
Combined Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types	4
Notes to Financial Statements	5
Independent Auditor's Report on Internal Control over Financial Reporting And on Compliance and Other Matters Required by Government Auditing Standards	17
Finding Related to the Financial Statements Required to be reported in Accordance with Generally Accepted Government Auditing Standards	19
Summary Schedule of Prior Audit Findings	20



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Independent Auditor's Report

To the Board of Trustee
Board of Liverpool Township
Columbiana County, Ohio

I have audited the accompanying financial statements of Liverpool Township as December 31, 2006 and 2007 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although I cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, I presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2006 and 2007. Instead of the combined funds the accompanying financial statements present for 2007, the revision requires presenting entity wide statements and also to present larger (i.e. major) funds separately for 2007. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure its financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. My opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In my opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2006 and 2007, or its changes in financial position for the year then ended.

Also, in my 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 as of December 31, 2006 and 2007, and its combined cash receipts and disbursements for the year then ended, on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2006 and 2007. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted In the United States of America has determined is necessary to supplement, although not required to be part of the financial statements.

In accordance with Government Auditing Standards, I have also issued my report dated May 13, 2008, on my consideration of the Township's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my testing of internal controls over financial reporting and compliance and the results of testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards. You should read it in conjunction with this report in assessing the results of my audit.

Kevin L. Penn, Inc.

May 13, 2008

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Liverpool Township
Columbiana County
Combined Statement of Cash Receipts,
Disbursements
and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2006

	Governmental Fund Types				Totals
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)
Cash Receipts:					
Local Taxes	\$ 27,048	\$ 469,114	\$ 32,526	\$ -	\$ 528,688
Intergovernmental	106,202	187,427		22,065	315,694
Charges for Services		101			101
Licenses, Permits, and Fees	30,638				30,638
Fines, Forfeitures, and Penalties	15,924	500			16,424
Earnings on Investments	9,178	4,053			13,231
Other Revenue	15,335	5,544			20,879
Total Cash Receipts	204,325	666,739	32,526	22,065	925,655
Cash Disbursements:					
Current:					
General Government	171,467				171,467
Public Safety		321,706			321,706
Public Works		286,042		849	286,891
Human Services	13,294				13,294
Capital Outlay		74,131		21,216	95,347
Debt Service:					
Redemption of Principal			25,654		25,654
Interest and Other Fiscal Charges			6,872		6,872
Total Cash Disbursements	184,761	681,879	32,526	22,065	921,231
Total Receipts Over/(Under) Disbursements	19,564	(15,140)	-	-	4,424
Other Financing Receipts/(Disbursements)					
Advances-In	12,708		12,708		25,416
Advances-Out	(12,708)		(12,708)		(25,416)
Sale of Fixed Assets		20,680			20,680
Total Other Financing Receipts/(Disbursements)	-	20,680	-	-	20,680
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	19,564	5,540	-	-	25,104
Fund Cash Balance - January 1, 2006	143,151	236,109	16,791	-	396,051
Fund Cash Balance - December 31, 2006	\$ 162,715	\$ 241,649	\$ 16,791	\$ -	\$ 421,155
Reserves for Encumbrances, December 31, 2006	\$ 5,308	\$ 73,669	\$ -	\$ -	\$ 78,977

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

Liverpool Township
Columbiana County
Combined Statement of Cash Receipts,
Disbursements
and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2007

	Governmental Fund Types			Totals
	General	Special Revenue	Debt Service	(Memorandum Only)
Cash Receipts:				
Local Taxes	\$ 28,534	\$ 524,870	\$ -	\$ 553,404
Intergovernmental	100,670	180,427		281,097
Charges for Services		73		73
Licenses, Permits, and Fees	31,604			31,604
Fines, Forfeitures, and Penalties	13,645	1,181		14,826
Earnings on Investments	11,495	4,063		15,558
Other Revenue	2,506	12,177		14,683
Total Cash Receipts	188,454	722,791	-	911,245
Cash Disbursements:				
Current:				
General Government	167,503			167,503
Public Safety	44,979	335,266		380,245
Public Works		327,988		327,988
Capital Outlay		49,820		49,820
Debt Service:				
Redemption of Principal		9,396	16,791	26,187
Interest and Other Fiscal Charges		6,340		6,340
Total Cash Disbursements	212,482	728,810	16,791	958,083
Total Receipts Over/(Under) Disbursements	(24,028)	(6,019)	(16,791)	(46,838)
Other Financing Receipts/(Disbursements)				
Sale of Fixed Assets	3,100			3,100
Total Other Financing Receipts/(Disbursements)	3,100	-	-	3,100
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(20,928)	(6,019)	(16,791)	(43,738)
Fund Cash Balance - January 1, 2007	162,715	241,649	16,791	421,155
Fund Cash Balance - December 31, 2007	\$ 141,787	\$ 235,630	\$ -	\$ 377,417
Reserves for Encumbrances, December 31, 2007	\$ 5,337	\$ 8,855	\$ -	\$ 14,192

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

LIVERPOOL TOWNSHIP
COLUMBIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006 and 2007

NOTE 1 - DESCRIPTION OF THE ENTITY AND BASIS OF PRESENTATION
(As Required by Various Statutes)

A. DESCRIPTION OF THE ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of Liverpool Township, Columbiana County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance. The Township contracts with the Wellsville Volunteer Fire Department to provide fire services.

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 disclosures 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.

Investments in repurchase agreements 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:

Governmental Fund Types:

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

LIVERPOOL TOWNSHIP
COLUMBIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006 and 2007

NOTE 1 - DESCRIPTION OF THE ENTITY AND BASIS OF PRESENTATION

(As Required by Various Statutes)

D. FUND ACCOUNTING (continued)

Special Revenue Funds. These funds are used to account for the proceeds of specific sources (other than from trusts or for capital projects) that are legally restricted to expenditure for specified purposes. The Township has 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.
- Fire Township Fund - This fund receives property tax money to pay for fire protection.
- Police Township Fund - This fund receives property tax money to pay for police protection.

Debt service funds. These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund.

- General Note Retirement Fund - This fund receives property tax money to satisfy the issued note obligations of the Township to purchase equipment.

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 the appropriation measure and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

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 the 2006 and 2007 budgetary activity appears in Note 4.

LIVERPOOL TOWNSHIP
COLUMBIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006 and 2007

NOTE 1 - DESCRIPTION OF THE ENTITY AND BASIS OF PRESENTATION

(As Required by Various Statutes)

E. BUDGETARY PROCESS (continued)

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.

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. Depreciation is not recorded for these fixed assets.

G. UNPAID VACATION AND SICK 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.

H. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Amounts in the "Totals (Memorandum Only)" columns of the financial statements represent a summation of the financial statements line items of the fund types and account groups. These amounts are presented for analytical purposes only. This data is not comparable to a consolidation. Interfund type eliminations have not been made in the aggregation of this data.

LIVERPOOL TOWNSHIP
COLUMBIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006 and 2007

NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment pool. The balance of this pool is displayed on the "Combined Statement of Cash, Investments, and Fund Cash Balances, Governmental Fund Type - (General Fund), As of December 31, 2006 and 2007."

Legal Requirements

State statutes classify monies held by the Township into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Township Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Interim monies may be invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

LIVERPOOL TOWNSHIP
COLUMBIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006 and 2007

NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS (continued)

The Township may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, Township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the Township.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township, and be purchased within the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Clerk by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No.3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year end, the carrying amount of the Township's deposits were \$421,155 in 2006 and \$377,417 in 2007 and the bank balance was \$501,007 in 2006 and \$413,715 in 2007. Of the bank balance, \$100,000 for 2006 and 2007 was covered by federal depository insurance, and \$401,007 for 2006 and \$313,715 for 2007 was covered by collateral held by third party trustees pursuant to Section 135.181, Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions.

Investments: GASB Statement No.3 "Deposits with Financial Institutions, investments and Reverse Repurchase Agreements" requires that local governments disclose the carrying amounts and market value of investments classified by risk. Category 1 included investments that are insured or registered for which the securities are held in the counter party's trust department or agent in the Township's name. Category 2 includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party or by its trust department but not in the Township's name. At December 31, 2006 and 2007, the Township held no investments that would be classified as investments under GASB Statement No.3.

LIVERPOOL TOWNSHIP
COLUMBIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006 and 2007

NOTE 3 - PENSION PLAN

Ohio Public Employees Retirement System

All Township full-time employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans, as described below:

- The Traditional Pension Plan (TP) - a cost-sharing multiple-employer defined benefit pension plan;
- The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings;

Ohio Public Employees Retirement System

- The Combined Plan (CO) - a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

PERS provides retirement, disability, survivor, and death benefits and annual cost of living adjustments to members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Township to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory Township for member and employer contributions. For 2004, member and employer contribution rates were consistent across all three plans (TP, MD, and CO). Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Township was 13.55 percent of covered payroll. The Township's required contributions to OPERS for the years ended December 31, 2006 and 2007, 2006 and 2005 were \$49,168, \$44,735 and \$34,811 respectively.

LIVERPOOL TOWNSHIP
COLUMBIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006 and 2007

NOTE 4 - POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available with both the Traditional and the Combined Plan; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory Township for employer contributions. The 2007 employer contribution rate was 13.55 percent from January 1, 2007 through June 30, 2007 and 13.70 percent from July 1, 2007 through December 31, 2006 and 2007 of covered payroll, 4 percent from January 1, 2007 through June 30, 2007 and 4.5 percent from July 1, 2007 through December 31, 2006 and 2007 was the portion that was used to fund health care for 2007.

Benefits are advance-funded using the entry age normal actuarial cost method of valuation. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50 percent to 6 percent for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

Ohio Public Employees Retirement System

At December 31, 2005, the number of active contributing participants in the Traditional Pension and Combined Plans totaled 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2005 (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

LIVERPOOL TOWNSHIP
COLUMBIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006 and 2007

NOTE 4 - POST-EMPLOYMENT BENEFITS (continued)

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

NOTE 5 – BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2006 and 2007 follows:

2006 Budgeted vs. Actual Receipts

Fund Type:	Budgeted Receipts	Actual Receipts	Variance
General	\$ 344,853	\$ 204,325	\$(140,528)
Special Revenue	907,991	687,419	(220,572)
Capital Projects	22,065	32,526	10,461
Debt Service	49,317	22,065	(27,252)
Total	\$ 1,324,226	\$ 946,335	\$(377,891)

2006 Budgeted vs Actual Budgetary Basis Expenditures

Fund Type:	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 336,667	\$ 184,761	\$ 151,906
Special Revenue	885,295	681,879	203,416
Capital Projects	22,065	22,065	-
Debt Service	41,872	32,526	9,346
Total	\$ 1,285,899	\$ 921,231	\$ 364,668

LIVERPOOL TOWNSHIP
COLUMBIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006 and 2007

NOTE 5 – BUDGETARY ACTIVITY (continued)

Budgetary activity for the years ended December 31, 2006 and 2007 follows:

2007 Budgeted vs. Actual Receipts

Fund Type:	Budgeted Receipts	Actual Receipts	Variance
General	\$ 359,283	\$ 191,554	\$(167,729)
Special Revenue	833,704	722,791	(110,913)
Debt Service	16,791	-	(16,791)
Total	<u>1,209,778</u>	<u>\$ 914,345</u>	<u>\$(295,433)</u>

2007 Budgeted vs Actual Budgetary Basis Expenditures

Fund Type:	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 325,000	\$ 212,482	\$ 112,518
Special Revenue	799,612	728,810	70,802
Debt Service	16,791	16,791	-
Total	<u>\$ 1,141,403</u>	<u>\$ 958,083</u>	<u>\$ 183,320</u>

NOTE 6 - PROPERTY TAXES

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 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.

LIVERPOOL TOWNSHIP
COLUMBIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006 and 2007

NOTE 7 – RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

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

NOTE 8 – DEBT

Debt outstanding at December 31, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	\$ <u>144,095</u>	3.63%

The Township issued a general obligation note in 2004 to finance the purchase of a two new fire trucks. The Township will fund the debt with tax revenues.

Amortization of the above debt is scheduled as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31,			
2008	\$ 26,763	\$ 5,763	\$ 32,526
2009	27,763	4,763	32,526
2010	28,786	3,740	32,526
2011	29,846	2,680	32,526
2012	<u>30,937</u>	<u>1,589</u>	<u>32,526</u>
Total	<u>\$144,095</u>	<u>\$18,535</u>	<u>\$162,630</u>

NOTE 9 - CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any would not be material.



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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards

To the Board of Trustee
Board of Liverpool Township
Columbiana County, Ohio

I have audited the financial statements of Liverpool Township as of and for the year ended December 31, 2006 and 2007, and have issued my report thereon dated May 13, 2008. I conducted my audit in accordance with generally accepted auditing standards 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. My report on the financial statements disclosed that, as described in Note 1 to the financial statements, the Township prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of Ohio, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Liverpool Township's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Liverpool Township's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Liverpool Township's internal control over financial reporting.

A control deficiency exists when the design or operation of control does not allow management of employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Liverpool Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with a comprehensive basis of accounting other than generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Liverpool Township's financial statements that is more than inconsequential will not be prevented or detected by Liverpool Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Liverpool Township's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Liverpool Township's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted certain matters that I reported to management of Liverpool Township in a separate letter dated May 13, 2008.

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

Kevin L. Penn, Inc.

May 13, 2008

Liverpool Township
Columbiana County

Schedule of Findings
December 31, 2006 and 2007

Finding Related to the Financial Statements
Required to be Reported in Accordance with GAGAS

There were no audit findings for the 2006 and 2007 calendar year.

Liverpool Township
Columbiana County

Schedule of Prior Audit Findings
December 31, 2006 and 2007

There were no audit findings for the 2004 and 2005 calendar year.



Mary Taylor, CPA
Auditor of State

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
AUGUST 21, 2008