

**LIVERPOOL TOWNSHIP
COLUMBIANA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2011-2010



Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of Liverpool Township, Columbiana County, prepared by Escott & Company, LLC, for the audit period January 1, 2010 through December 31, 2011. 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 Accountants' 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 Accountants' 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 19, 2012

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LIVERPOOL TOWNSHIP
COLUMBIANA COUNTY

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ESCOTT & COMPANY

Certified Public Accountants

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PUBLIC ACCOUNTANTS

RICHARD J. TINKER, CPA
AL STEFANOV, CPA

JAMES A. TINKER, CPA

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Liverpool Township, Columbiana County, (the Township) as of and for the years ended December 31, 2011 and 2010. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully 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 (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 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, 2011 or 2010 or its changes in financial position for the years then ended.

628 S. Water St., P.O. Box 609
Kent, Ohio 44240
(330) 673-4819
Fax (330) 673-4629

250 S. Chestnut St., Suite 28
Ravenna, OH 44266
(330) 296-6010
Fax (330) 296-0964

8122 Main St., P.O. Box 173
Garrettsville, OH 44231
(330) 527-2103
Fax (330) 527-2551

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 and reserves for encumbrances of Liverpool Township, Columbiana County, as of December 31, 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 Liverpool Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2012 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Escott & Company LLC

May 21, 2012

**LIVERPOOL TOWNSHIP
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$26,086	\$505,494	\$0	\$531,580
Charges for Services	0	9,636	0	9,636
Licenses, Permits and Fees	32,904	0	0	32,904
Fines and Forfeitures	13,197	735	0	13,932
Intergovernmental	89,276	233,836	0	323,112
Earnings on Investments	2,855	434	0	3,289
Miscellaneous	560	2,526	0	3,086
<i>Total Cash Receipts</i>	<u>164,878</u>	<u>752,661</u>	<u>0</u>	<u>917,539</u>
Cash Disbursements				
Current:				
General Government	137,754	0	0	137,754
Public Safety	0	389,429	0	389,429
Public Works	0	358,038	0	358,038
Health	10,298	12,622	0	22,920
Capital Outlay	0	0	13,000	13,000
Debt Service:				
Principal Retirement	0	30,276	0	30,276
Interest and Fiscal Charges	0	2,250	0	2,250
<i>Total Cash Disbursements</i>	<u>148,052</u>	<u>792,615</u>	<u>13,000</u>	<u>953,667</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>16,826</u>	<u>(39,954)</u>	<u>(13,000)</u>	<u>(36,128)</u>
<i>Net Change in Fund Cash Balances</i>	16,826	(39,954)	(13,000)	(36,128)
<i>Fund Cash Balances, January 1</i>	<u>58,577</u>	<u>272,845</u>	<u>269,452</u>	<u>600,874</u>
Fund Cash Balances, December 31				
Restricted	0	232,891	256,452	489,343
Assigned	0	0	0	0
Unassigned (Deficit)	<u>75,403</u>	<u>0</u>	<u>0</u>	<u>75,403</u>
<i>Fund Cash Balances, December 31</i>	<u>\$75,403</u>	<u>\$232,891</u>	<u>\$256,452</u>	<u>\$564,746</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, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$26,600	\$511,286	\$0	\$537,886
Charges for Services	0	13,893	0	13,893
Licenses, Permits, and Fees	32,502	0	0	32,502
Fines and Forfeitures	8,199	310	0	8,509
Intergovernmental	100,014	263,333	0	363,347
Earnings on Investments	4,844	225	0	5,069
Miscellaneous	11,100	4,335	0	15,435
Total Cash Receipts	<u>183,259</u>	<u>793,382</u>	<u>0</u>	<u>976,641</u>
Cash Disbursements:				
Current:				
General Government	197,555	0	0	197,555
Public Safety	23,040	404,863	0	427,903
Public Works	10,100	271,463	0	281,563
Health	10,081	18,160	0	28,241
Debt Service:				
Redemption of Principal	0	29,218	0	29,218
Interest and Other Fiscal Charges	0	3,308	0	3,308
Total Cash Disbursements	<u>240,776</u>	<u>727,012</u>	<u>0</u>	<u>967,788</u>
Total Receipts Over/(Under) Disbursements	<u>(57,517)</u>	<u>66,370</u>	<u>0</u>	<u>8,853</u>
Other Financing Receipts / (Disbursements):				
Sale of Fixed Assets	2,727	1,200	0	3,927
Total Other Financing Receipts / (Disbursements)	<u>2,727</u>	<u>1,200</u>	<u>0</u>	<u>3,927</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	<u>(54,790)</u>	<u>67,570</u>	<u>0</u>	<u>12,780</u>
Fund Cash Balances, January 1	<u>113,367</u>	<u>205,275</u>	<u>269,452</u>	<u>588,094</u>
Fund Cash Balances, December 31	<u><u>\$58,577</u></u>	<u><u>\$272,845</u></u>	<u><u>\$269,452</u></u>	<u><u>\$600,874</u></u>
Reserve for Encumbrances, December 31	<u><u>\$181</u></u>	<u><u>\$36,262</u></u>	<u><u>\$0</u></u>	<u><u>\$36,443</u></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, 2011 AND 2010

1. Summary of Significant Accounting Policies

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, cemetery maintenance, and police and fire protection.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Certificates of deposits 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:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

LIVERPOOL TOWNSHIP
COLUMBIANA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

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

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

Police Levy Fund- This fund receives tax money to pay for police protection.

Fire Levy Fund- This fund receives property tax money to finance Fire Safety services for the township.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Permanent Improvement Fund - The Township receives grants or transfers from the general fund to finance major capital projects.

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, 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.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

LIVERPOOL TOWNSHIP
COLUMBIANA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**LIVERPOOL TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

2. Equity in Pooled Deposits

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2011	2010
Demand deposits	\$564,746	\$600,874

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

3. Budgetary Activity

Budgetary activity for the years ended December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$164,592	\$164,878	\$286
Special Revenue	750,370	752,661	2,291
Total	\$914,962	\$917,539	\$2,577

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$199,279	\$148,052	\$51,227
Special Revenue	866,879	792,615	74,264
Capital Projects	13,000	13,000	0
Total	\$1,079,158	\$953,667	\$125,491

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$182,394	\$185,986	\$3,592
Special Revenue	781,082	794,582	13,500
Total	\$963,476	\$980,568	\$17,092

**LIVERPOOL TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$266,830	\$240,776	\$26,054
Special Revenue	884,637	727,012	157,625
Total	\$1,151,467	\$967,788	\$183,679

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31.

If the property owner elects to pay semiannually, 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, 2011 was as follows:

	Principal	Interest Rate
General Obligation Notes	31,385	3.63%

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

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

	Fire Truck Note
Year ending December 31: 2012	\$32,526

6. Retirement Systems

The Township's elected officials, employees, and police officers belong to the Ohio Public Employees Retirement System (OPERS) for local and law enforcement employees. OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

**LIVERPOOL TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010; OPERS members other than law enforcement officials contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. For full-time law enforcement officials for 2011 and 2010, members contributed 11.61% and 11.1%, respectively, of their gross salaries and the Township contributed an amount equaling 18.1% and 17.87%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

7. Risk Management

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.



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RICHARD J. TINKER, CPA
AL STEFANOV, CPA

JAMES A. TINKER, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Trustees:

We have audited the financial statements of Liverpool Township, Columbiana County, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated May 21, 2012, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We noted for audit period ending December 31, 2011 the Township adopted the provisions of Governmental Accounting Standards Board No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 21, 2012.

628 S. Water St., P.O. Box 609
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(330) 673-4819
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Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, and the Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.

Esutt & Campy LLC

May 21, 2012



Dave Yost • 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
OCTOBER 2, 2012