

CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION
REPORT ON EXAMINATION OF FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2003 AND 2002



**Auditor of State
Betty Montgomery**

Board of Trustees
City of East Liverpool Community Improvement Corporation
126 West 6th Street
East Liverpool, Ohio 43920

We have reviewed the Independent Auditor's Report of the City of East Liverpool Community Improvement Corporation, Columbiana County, prepared by William D. Leicht, CPA, for the audit period January 1, 2003 through December 31, 2003. 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.

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. The City of East Liverpool Community Improvement Corporation is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

June 1, 2004

This Page is Intentionally Left Blank.

**WILLIAM D. LEICHT, CPA
725 BOARDMAN CANFIELD RD M-2
YOUNGSTOWN, OHIO 44512
330-758-8395
FAX 330-758-7927**

April 19, 2004

Board of Trustees
City of East Liverpool Community Improvement Corporation
East Liverpool, Ohio

Independent Auditor's Report

We have audited the accompanying balance sheet of City of East Liverpool Community Improvement Corporation as of December 31, 2003 and 2002 and the related statements of revenue and expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization'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 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 statements are free of material misstatements. 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.

In our opinion, the statements referred to above present fairly, in all material respects, the assets and liabilities of City of East Liverpool Community Improvement Corporation as of December 31, 2003 and 2002 and its revenue collected and expenses paid and changes in net assets and cash flows during the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2003 on our consideration of the City of East Liverpool Community Improvement Corporations 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 if an audit.

William D. Leicht CPA

City of East Liverpool Community Improvement Corporation

Statement of Assets Liabilities and Net Assets

December 31,

ASSETS

	<u>2003</u>	<u>2002</u>
Current Assets		
Cash Home Savings & Loan	\$ 33,697	\$ 19,794
Current Maturities of Notes Receivable	<u>1,436</u>	<u>9,327</u>
Total Current Assets	<u>35,133</u>	<u>29,121</u>
Property and Equipment		
Land	<u>387,220</u>	<u>387,220</u>
Total Property and Equipment	<u>387,220</u>	<u>387,220</u>
Other Assets		
Loan Receivable Bradshaw Square	-	21,519
Loan Receivable James Sabatini	3,441	4,820
Less Current Maturities of Notes Receivable	<u>(1,436)</u>	<u>(9,327)</u>
Total Other Assets	<u>2,005</u>	<u>17,012</u>
Total Assets	<u>\$ 424,358</u>	<u>\$ 433,353</u>

LIABILITIES AND NET ASSETS		
LIABILITIES		
	<u>2003</u>	<u>2002</u>
Current Liabilities		
Deferred Lease Revenue Parson Coal	\$ 450	\$ 1,050
Total Current Liabilities	<u>450</u>	<u>1,050</u>
Total Liabilities	<u>450</u>	<u>1,050</u>
NET ASSETS		
Net Assets	<u>423,908</u>	<u>432,303</u>
Total Liabilities and Net Assets	<u>\$ 424,358</u>	<u>\$ 433,353</u>

See Accompanying notes to the financial statements.

City of East Liverpool Community Improvement Corporation
Statement of Revenue and Expenses and Change In Net Assets

For Period's Ended December 31,

	<u>2003</u>	<u>2002</u>
OPERATING REVENUES		
Tenant Lease	\$ 840	\$ 840
Total operating revenue	840	840
OPERATING EXPENSES	9,724	2,127
EXCESS EXPENSES OVER REVENUES	(8,884)	(1,287)
OTHER REVENUE AND EXPENSES		
Interest Income	729	1,032
Contributed Land	--	349,810
Total other revenue	729	350,842
EXCESS EXPENSES OVER REVENUE	(8,155)	349,555
TRANSFERS TO CITY OF EAST LIVERPOOL	(240)	(240)
NET ASSETS - BEGINNING OF YEAR	432,303	82,988
NET ASSETS - END OF YEAR	\$ 423,908	\$ 432,303

See Accompanying notes to the financial statements.

City of East Liverpool Community Improvement Corporation

Statement of Cash Flows

For Period's Ended December 31,

	<u>2003</u>	<u>2002</u>
Cash Flows From Operating Activities		
Cash received from customers	\$ 8,131	(\$1,121)
Interest received	729	1,014
Cash paid for operating goods	<u>(9,724)</u>	<u>(2,127)</u>
Net Cash Used In Operating Activities	<u>(864)</u>	<u>(2,234)</u>
Cash Flows From Investing Activities		
Principal collection on loans made	22,898	6,427
Less current portion of notes receivable	<u>(7,891)</u>	<u>1,361</u>
Net Cash Provided by Investing Activities	<u>15,007</u>	<u>7,788</u>
Cash Flows From Financing Activities		
Transfers to City of East Liverpool	<u>(240)</u>	<u>(240)</u>
Net Cash (Used in) Financing Activities	<u>(240)</u>	<u>(240)</u>
NET INCREASE IN CASH	13,903	5,314
CASH AT BEGINNING OF YEAR	<u>19,794</u>	<u>14,480</u>
CASH AT END OF YEAR	<u><u>\$33,697</u></u>	<u><u>\$19,794</u></u>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Net (loss) income	\$(8,155)	\$349,537
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Non-cash donation of land received	-	(349,810)
Decrease (Increase) in loans receivable	7,891	(1,361)
(Decrease) in deferred leases	<u>(600)</u>	<u>(600)</u>
Total adjustments	<u>7,291</u>	<u>(351,771)</u>
Net Cash (used in) Operating Activities	<u><u>(\$864)</u></u>	<u><u>(\$2,234)</u></u>

See Accompanying notes to the financial statements.

City of East Liverpool Community Improvement Corporation

Notes to Financial Statements

For Period's Ended December 31, 2003 and 2002

NOTE A – Summary of Significant Accounting Policies

1. Description of the Entity - The City of East Liverpool Community Improvement Corporation was incorporated on December 29, 1981 as an undesignated Community Improvement Corporation under the laws of the State of Ohio.
2. The purpose of the City of East Liverpool Community Improvement Corporation (CIC) is to advance, encourage and promote economic commercial and civic development in the City of East Liverpool.
3. Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Values assigned to donated land are based on independent outside appraisers for all parcels in excess of \$5,000.00.
4. Federal Income Tax- CIC is exempt from filing federal income taxes as an Instrumentality under Section 115 Chapter a 1 b of the Internal Revenue Code.

NOTE B – Leases

The CIC leases its land to the East Liverpool Youth Soccer League. The Lease is for 15 years and commenced in 1999. Under the terms of the lease the lessee maintains the property makes all improvements and pays all real estate taxes. The lessee is also required to maintain liability insurance of \$1,100,000. The lease total is \$1.

The CIC also serves as the leasing agent for certain properties owned by the City of East Liverpool. Under terms of the agreement between the CIC and the City of East Liverpool the CIC keeps all rents collected which are to be used for CIC operations. The CIC currently manages three leases under this arrangement.

- A. Babbs Island Boat Club – Lease period is for 20 years and commenced in 1993. Under the terms of the lease the lessee is required to pay annual rents of \$120, maintain liability insurance in the amount of \$500,000 and save harmless the lessor from any and all liability during the lease period.
- B. Ohio Valley Boating Club – Lease period is for 20 years and commenced in 1993. Under the terms of the lease the lessee is required to pay annual rents of \$120, maintain liability insurance in the amount of \$500,000 and save harmless the lessor from any and all liability during the lease period.
- C. Parsons Coal Lease – the lease period is for five years and commenced in 1999. Under terms of the lease the lessee is required to pay \$600 per year. Parsons Coal prepaid the lease on October 1, 1999.

City of East Liverpool Community Improvement Corporation

Notes to Financial Statements

For Period's Ended December 31, 2003 and 2002

NOTE B - Continued

Deferred lease revenue and future income recognitions are as follows:

		<u>2003</u>	<u>2002</u>
Balance January 1,		\$ 1,050	\$ 1,650
Income recognized	2002	--	600
	2003	600	600
	2004	450	450

NOTE C- Minimum rents under non-cancelable operating lease.

Rents under non-cancelable operating leases are as follows:

	<u>2003</u>	<u>2002</u>
2002	\$ --	\$ 840
2003	840	840
2004	690	690
2005	240	240
2006	240	240
2007	240	--
Thereafter	<u>1,200</u>	<u>1,440</u>
Total	\$ <u>3,450</u>	\$ <u>4,290</u>

NOTE D- Loans Receivable

Loans receivable consists of the following:

Loan receivable - Bradshaw Square LTD collateralized by eight individual parcels of land located in the City of East Liverpool, 4% interest due in monthly installments of \$589.33 including interest with final payment due in 2005

	<u>2003</u>	<u>2002</u>
	\$ --	\$ 21,519

City of East Liverpool Community Improvement Corporation

Notes to Financial Statements

For Period's Ended December 31, 2003 and 2002

NOTE D- Loans Receivable Continued

Loan receivable – James Sabatini II collateralized by one parcel of land located in the City of East Liverpool, 4% interest due in monthly installments of \$128.92 including interest with final payment due in 2006

	3,441	4,820
Less current maturities	<u>1,436</u>	<u>9,327</u>
Total Loans Receivable	<u>\$ 2,005</u>	<u>\$ 17,012</u>

Following is a summary of principal receivable on note receivable for each of the years following December 31, 2003 and 2002:

2003	--	9,327
2004	1,436	8,086
2005	1,494	8,415
2006	<u>511</u>	<u>511</u>
Total	<u>\$ 3,441</u>	<u>\$ 26,339</u>

NOTE E- Operating Expenses

Operating expenses consisted of the following at December 31,

	<u>2003</u>	<u>2002</u>
Accounting services	\$ 800	\$ 2,068
Bank charges	62	59
State Audit Fees	255	--
Soil Studies	<u>8,607</u>	<u>--</u>
Total operating expenses	<u>\$ 9,724</u>	<u>\$ 2,127</u>

City of East Liverpool Community Improvement Corporation

Contact Information Page

Contact Information

Executive Director
William Cowan
126 West 6th St.
East Liverpool Ohio, 43920

**WILLIAM D. LEICHT, CPA
725 BOARDMAN CANFIELD RD M-2
YOUNGSTOWN, OHIO 44512
330-758-8395
FAX 758-7927**

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

Board of Trustees
City of East Liverpool Community Improvement Corporation
East Liverpool, Ohio

We have audited the accompanying financial statements of City of East Liverpool Community Improvement Corporation as of the years ended December 31, 2003 and 2002, and have issued our report thereon dated January 31, 2003. 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 a part of obtaining reasonable assurance about whether City of East Liverpool Community Improvement Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of East Liverpool Community Improvement Corporation'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.

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 specialized parties.

William D. Leicht CPA

April 19, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION

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
JUNE 15, 2004**