

CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION
REPORT ON EXAMINATION OF FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2006 AND 2005



Mary Taylor, CPA
Auditor of State

Board of Trustees
City of East Liverpool Community Improvement Corporation
126 West Sixth 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, 2006 through December 31, 2006. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 21, 2007

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**WILLIAM D. LEICHT, CPA
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330-758-8395
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March 9, 2007

Board of Trustees
City of East Liverpool Community Improvement Corporation
126 West 6th St
East Liverpool Oh 43290

Independent Auditor's Report

We have audited the accompanying statement of financial position of City of East Liverpool Community Improvement Corporation as of December 31, 2006 and 2005 and the related statements of activities 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 financial position of City of East Liverpool Community Improvement Corporation as of December 31, 2006 and 2005 and its changes in net assets and cash flows during the years then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 9, 2007 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 FINANCIAL POSITION

December 31,

ASSETS

| | <u>2006</u> | <u>2005</u> |
|---|------------------------|-------------------------|
| CURRENT ASSETS | | |
| Cash Home Savings & Loan | \$18,293 | \$287,960 |
| Accounts Receivable | - | - |
| Current Maturities of Notes Receivable | <u>8,678</u> | <u>5,121</u> |
| Total current assets | 26,971 | 293,081 |
| PROPERTY AND EQUIPMENT | | |
| Land | <u>37,410</u> | <u>39,620</u> |
| Total property and equipment | 37,410 | 39,620 |
| OTHER ASSETS | | |
| Loan Receivable Traci Golden | 13,536 | - |
| Loan Receivable Mike Wilkinson | 9,221 | 11,115 |
| Loan Receivable Glenn Cornell | 8,275 | 10,000 |
| Loan Receivable City of East Liverpool | 0 | 80,000 |
| Less Current Maturities of Notes Receivable | <u>(8,678)</u> | <u>(5,121)</u> |
| Total property and equipment | 22,354 | 95,994 |
| TOTAL ASSETS | <u><u>\$86,735</u></u> | <u><u>\$428,695</u></u> |

LIABILITIES AND NET ASSETS

| | <u>2006</u> | <u>2005</u> |
|------------------------------------|-------------------------|--------------------------|
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 391 | \$ - |
| Deferred Lease Revenue Parson Coal | <u>1,650</u> | <u>2,250</u> |
| Total Current Liabilities | <u>2,041</u> | <u>2,250</u> |
| Total Liabilities | 2,041 | 2,250 |
| Unrestricted Net Assets | <u>84,694</u> | <u>426,445</u> |
| | | |
| Total Liabilities & Net Assets | <u><u>\$ 86,735</u></u> | <u><u>\$ 428,695</u></u> |

See accompanying notes to financial statements

CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION

STATEMENT ACTIVITIES

YEARS ENDED DECEMBER 31,

| | <u>2006</u> | <u>2005</u> |
|---|------------------|-------------------|
| OPERATING REVENUE | | |
| Tenant rental | \$ 845 | \$ 840 |
| Total operating revenue | <u>845</u> | <u>840</u> |
| OPERATING EXPENSE | <u>1,243</u> | <u>2,294</u> |
| CHANGE IN NET ASSETS BEFORE OTHER REVENUES, EXPENSES AND TRANSFERS | (398) | (1,454) |
| OTHER REVENUE (EXPENSES) | | |
| Contributions from the City of East Liverpool | 0 | 1,500 |
| Loss on the sale of land | (1,652) | (900) |
| Interest income | <u>4,804</u> | <u>3,916</u> |
| Total other revenue | <u>3,152</u> | <u>4,516</u> |
| CHANGE IN NET ASSETS BEFORE TRANSFERS | 2,754 | 3,062 |
| TRANSFER TO THE CITY OF EAST LIVERPOOL | (344,505) | (240) |
| NET ASSETS - BEGINNING OF YEAR | <u>426,445</u> | <u>423,623</u> |
| NET ASSETS - END OF YEAR | <u>\$ 84,694</u> | <u>\$ 426,445</u> |

See accompanying notes to financial statements

CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION

STATEMENT OF CASH FLOW

YEARS ENDED DECEMBER 31,

| | <u>2006</u> | <u>2005</u> |
|--|------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | \$ (3,312) | \$ (389) |
| Interest received | 4,804 | 3,916 |
| Other operating revenue | 0 | 1,500 |
| Cash paid to suppliers & employees | <u>(852)</u> | <u>(2,294)</u> |
| Net cash provided from operating activities | 640 | 2,733 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Sale of property | 558 | 346,700 |
| Principal collection on loans made | 5,083 | 3,175 |
| Loans issued | (15,000) | (102,500) |
| Less current portion of notes receivable | <u>3,557</u> | <u>3,628</u> |
| Net cash (used in) provided from investing activities | (5,802) | 251,003 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Transfer to City of East Liverpool | <u>(264,505)</u> | <u>(240)</u> |
| Net cash (used in) financing activities | (264,505) | (240) |
| (DECREASE) INCREASE IN CASH | (269,667) | 253,496 |
| CASH - BEGINNING OF YEAR | <u>287,960</u> | <u>34,464</u> |
| CASH - END OF YEAR | <u>\$ 18,293</u> | <u>\$ 287,960</u> |
| RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED FROM OPERATING ACTIVITIES | | |
| | <u>2006</u> | <u>2005</u> |
| Change in net assets | \$ 2,754 | \$ 3,062 |
| Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities | | |
| Decrease in accounts receivable | (3,557) | (3,479) |
| (Decrease) Increase in deferred leases | (600) | 2,250 |
| Increase in accounts payable | 391 | - |
| Loss on the sale of land | 1,652 | 900 |
| Total adjustments | <u>(2,114)</u> | <u>(329)</u> |
| Net Cash Provided from Operating Activities | <u>\$ 640</u> | <u>\$ 2,733</u> |

See accompanying notes to financial statements

CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2006 AND 2005

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. The financial statements are prepared under the accrual basis of accounting.
4. Cash equivalents - The company considers highly liquid debt investments with maturity dates of three months or less to be cash equivalents.
5. Property and Equipment - Property and equipment are stated at cost. Depreciation is computed on the straight-line method.
6. 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.
7. 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.
8. Reclassifications - Certain reclassifications have been made in the 2005 financial statements to conform to the classifications used in the 2006 financial statements.

CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2006 AND 2005

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 original lease period was for five years and commenced in 1999. The lease was renewed in September 2006 for an additional five years. Under terms of the lease the lessee is required to pay \$600 per year.

Deferred lease revenue and future income recognitions are as follows:

| | <u>2006</u> | <u>2005</u> |
|--------------------|----------------|----------------|
| Balance January 1, | | |
| Income Recognized | 2006 \$ - | \$ 600 |
| | 2007 600 | 600 |
| | 2008 600 | 600 |
| | 2009 450 | 450 |
| | 2010 <u>0</u> | <u>0</u> |
| Total | <u>\$1,650</u> | <u>\$2,250</u> |

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

| | <u>2006</u> | <u>2005</u> |
|---|-----------------|-----------------|
| Rents under non-cancelable operating leases are as follows: | | |
| | 2005 \$ - | \$ 840 |
| | 2006 840 | 840 |
| | 2007 840 | 840 |
| | 2008 840 | 840 |
| | 2009 840 | 840 |
| | 2010 840 | - |
| Thereafter | <u>1,200</u> | <u>1,200</u> |
| Total | <u>\$ 5,400</u> | <u>\$ 5,400</u> |

CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2006 AND 2005

NOTE D - Risk Management

City of East Liverpool has obtained commercial insurance for the following risks:
 Comprehensive property and general liability;
 Errors and omissions

NOTE G - Loans Receivable

| | <u>2006</u> | <u>2005</u> |
|--|------------------|------------------|
| Loans receivable consists of the following: | | |
| Loan Receivable - Marc & Traci Golden Uncolateralized, 4% interest due in monthly installments of \$276.25 including interest with final payment due in 2011 | \$ 13,536 | \$ - |
| Loan Receivable - Jodie & Mike Wilkinson Uncolateralized, 4% interest due in monthly installments of \$230.21 including interest with final payment due in 2010 | 9,221 | 11,115 |
| Loan Receivable - Glenn & Kitti Cornell Uncolateralized, 4% interest due in monthly installments of \$184.17 including interest with final payment due in 2010 | 8,275 | 10,000 |
| Loan Receivable - City of East Liverpool Uncolateralized, no stated interest or repayment terms | - | 80,000 |
| Less Current Maturities | (8,678) | (5,121) |
| Total Loans Receivable | <u>\$ 22,354</u> | <u>\$ 95,994</u> |

Following is a summary of principal due on long term debt for each of the years following December 31, 2006:

| | | |
|-------|------------------|------------------|
| 2006 | \$ - | \$ 5,121 |
| 2007 | 8,678 | 4,373 |
| 2008 | 7,530 | 4,552 |
| 2009 | 7,837 | 4,737 |
| 2010 | 6,529 | 2,332 |
| 2011 | 458 | - |
| Total | <u>\$ 31,032</u> | <u>\$ 21,115</u> |

CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2006 AND 2005

NOTE H - Operating expenses

Operating expenses consisted of the following at December 31,

| | <u>2006</u> | <u>2005</u> |
|------------------------------|---------------------|---------------------|
| Accounting services | \$ 1,000 | \$ 1,000 |
| Office expense and supplies | 0 | 16 |
| State audit fees | 185 | 171 |
| Real estate taxes | 0 | 955 |
| Recording fees | <u>58</u> | <u>152</u> |
| Total operating expenses | <u>\$ 1,243</u> | <u>\$ 2,294</u> |

CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION
CONTACT INFORMATION PAGE

Contact information

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

March 9, 2007

Board of Trustees
City of East Liverpool Community Improvements Corporation
126 West 6th St
East Liverpool Oh 43290

We have audited the accompanying financial statements of City of East Liverpool Community Improvements Corporation as of and for the year ended December 31, 2006 and have issued our report thereon dated March 9, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to 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 City of East Liverpool Community Improvement Corp's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting . Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weakness. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weakness.

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 tested it's compliance with certain provisions of laws, regulations, and contracts, 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 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.

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

March 9, 2007



Mary Taylor, CPA
Auditor of State

**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
JULY 5, 2007**