

**CITY OF EAST LIVERPOOL**



**AUDITED GENERAL PURPOSE  
FINANCIAL STATEMENTS  
DECEMBER 31, 2000**





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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**JIM PETRO, AUDITOR OF STATE**

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Mayor and Members of City Council  
City of East Liverpool  
East Liverpool, OH 43920

We have reviewed the Independent Auditor's Report of the City of East Liverpool, Columbiana County, prepared by Rea & Associates, Inc., for the audit period January 1, 2000 to December 31, 2000. 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 is responsible for compliance with these laws and regulations.

**JIM PETRO**  
Auditor of State

September 28, 2001

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**CITY OF EAST LIVERPOOL  
COLUMBIANA COUNTY**

**DECEMBER 31, 2000**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
Independent Auditor's Report .....	1
Combined Balance Sheet - All Fund Types and Account Groups.....	2-5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds.....	6-7
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types .....	8-11
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types .....	12
Combined Statement of Cash Flows - All Proprietary Fund Types .....	13-14
Notes to the General Purpose Financial Statements .....	15-45
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards .....	46-47
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	48-49
Schedule of Findings and Questioned Costs .....	50-51
Schedule of Expenditures of Federal Awards .....	52
Notes to Schedule of Expenditures of Federal Awards.....	53

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

July 13, 2001

Mayor and Members of Council  
City of East Liverpool  
East Liverpool, OH 43920

## Independent Auditor's Report

We have audited the accompanying general purpose financial statements of the City of East Liverpool (the "City") as of and for the year ended December 31, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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 audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of East Liverpool as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 13, 2001 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

*Rea & Associates, Inc.*

**CITY OF EAST LIVERPOOL**

Combined Balance Sheet  
All Fund Types and Account Groups

For the Year Ended December 31, 2000

	<b>Governmental Fund Type</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>ASSETS AND OTHER DEBITS</b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash and and Cash Equivalents	\$ 116,227	\$ 417,131	\$ 237,014	\$ 743,924
Cash and Cash Equivalents:				
In Segregated Accounts	0	156,701	0	140,390
Receivables:				
Taxes	554,053	710,996	111,010	83,920
Accounts	96,847	5,417	0	7,296
Special Assessments	0	0	0	176,852
Loans	0	51,391	0	0
Intergovernmental	391,536	52,857	0	0
Due from Other Funds	0	0	0	40,767
Advance Due from Other Funds	53,995	0	0	0
Materials and Supplies Inventory	0	28,185	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b><u>Other Debits</u></b>				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$ 1,212,658</b>	<b>\$ 1,422,678</b>	<b>\$ 348,024</b>	<b>\$ 1,193,149</b>

The accompanying notes are an integral part of these financial statements.



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$ 2,119,783	\$ 11,114	\$ 0	\$ 0	\$ 3,645,193
1,046,024	627	0	0	1,343,742
129,459	2,096	0	0	1,591,534
570,535	0	0	0	680,095
0	0	0	0	176,852
0	0	0	0	51,391
0	0	0	0	444,393
0	0	0	0	40,767
0	0	0	0	53,995
48,921	0	0	0	77,106
3,017,772	0	5,450,167	0	8,467,939
0	0	0	237,014	237,014
0	0	0	2,790,463	2,790,463
<u>\$ 6,932,494</u>	<u>\$ 13,837</u>	<u>\$ 5,450,167</u>	<u>\$ 3,027,477</u>	<u>\$ 19,600,484</u>

**CITY OF EAST LIVERPOOL**

Combined Balance Sheet  
All Fund Types and Account Groups

For the Year Ended December 31, 2000

	<b>Governmental Fund Type</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 9,562	\$ 16,961	\$ 0	\$ 0
Accrued Wages and Benefits	12,634	77,673	0	0
Compensated Absences Payable	8,510	59,016	0	0
Intergovernmental Payable	38,877	217,820	0	0
Due to Other Funds	40,767	0	0	0
Deferred Revenue	230,816	710,996	111,010	260,772
Undistributed Monies	0	0	0	0
Advance Due to Other Funds	0	0	0	53,995
Notes Payable	0	0	0	64,031
Installment Loans Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Police and Fire Pension Liability	0	0	0	0
ODOT Loan Payable	0	0	0	0
OWDA Loans Payable	0	0	0	0
OPWC Loans Payable	0	0	0	0
<b>Total Liabilities</b>	<b>341,166</b>	<b>1,082,466</b>	<b>111,010</b>	<b>378,798</b>
<b>Fund Equity and Other Credits</b>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	2,882	39,202	0	206,071
Reserved for Inventory	0	28,185	0	0
Reserved for Debt Service	0	0	237,014	0
Reserved for Loans	0	51,391	0	0
Reserved for Advances	53,995	0	0	0
Unreserved, Undesignated	814,615	221,434	0	608,280
<b>Total Fund Equity (Deficit) and Other Credits</b>	<b>871,492</b>	<b>340,212</b>	<b>237,014</b>	<b>814,351</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$ 1,212,658</b>	<b>\$ 1,422,678</b>	<b>\$ 348,024</b>	<b>\$ 1,193,149</b>

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$ 23,002	\$ 0	\$ 0	\$ 0	\$ 49,525
35,615	0	0	0	125,922
184,477	0	0	445,292	697,295
70,406	0	0	0	327,103
0	0	0	0	40,767
0	0	0	0	1,313,594
0	627	0	0	627
0	0	0	0	53,995
0	0	0	0	64,031
439,561	0	0	679,867	1,119,428
11,227	0	0	46,328	57,555
0	0	0	986,335	986,335
0	0	0	742,155	742,155
3,774,595	0	0	0	3,774,595
260,766	0	0	127,500	388,266
4,799,649	627	0	3,027,477	9,741,193
0	0	5,450,167	0	5,450,167
2,132,845	0	0	0	2,132,845
0	0	0	0	248,155
0	0	0	0	28,185
0	0	0	0	237,014
0	0	0	0	51,391
0	0	0	0	53,995
0	13,210	0	0	1,657,539
2,132,845	13,210	5,450,167	0	9,859,291
\$ 6,932,494	\$ 13,837	\$ 5,450,167	\$ 3,027,477	\$ 19,600,484

**CITY OF EAST LIVERPOOL**

Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
All Governmental Fund Types and Expendable Trust Fund

For the Year Ended December 31, 2000

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b><u>Revenues</u></b>				
Taxes	\$ 2,752,384	\$ 599,313	\$ 91,108	\$ 516,635
Intergovernmental	1,522,439	1,568,570	9,901	7,151
Special Assessments	0	0	0	10,802
Charges for Services	0	74,697	0	0
Licences and Permits	635,447	14,015	0	54,515
Investment Earnings	211,817	5,142	0	6,045
Fines and Forfeitures	107,087	108,864	0	43,278
Other	7,908	93,347	0	201,092
<b>Total Revenues</b>	<b>5,237,082</b>	<b>2,463,948</b>	<b>101,009</b>	<b>839,518</b>
<b><u>Expenditures</u></b>				
Current:				
General Government	1,575,390	42,727	1,965	2,246
Security of Persons and Property	0	4,091,946	0	0
Public Health Services	146,848	16,805	0	0
Transportation	245,329	561,914	0	0
Community Environment	138,804	835,458	0	0
Leisure Time Activities	109,138	0	0	0
Capital Outlay	0	0	0	922,104
Debt Service:				
Principal Retirement	0	12,465	327,475	3,687
Interest and Fiscal Charges	0	42,318	35,670	7,146
<b>Total Expenditures</b>	<b>2,215,509</b>	<b>5,603,633</b>	<b>365,110</b>	<b>935,183</b>
Excess of Revenues Over (Under) Expenditures	3,021,573	(3,139,685)	(264,101)	(95,665)
<b><u>Other Financing Sources</u></b>				
Proceeds from Sale of Notes	0	0	0	134,298
Proceeds from Sale of Fixed Assets	0	10,785	0	0
Operating Transfers In	181,194	3,311,362	303,145	0
Operating Transfers Out	(3,395,638)	(50,688)	0	(192,181)
<b>Total Other Financing Sources</b>	<b>(3,214,444)</b>	<b>3,271,459</b>	<b>303,145</b>	<b>(57,883)</b>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures	(192,871)	131,774	39,044	(153,548)
Fund Balances at Beginning Of Year	1,064,363	193,703	197,970	967,899
Increase Reserve for Inventory	0	14,735	0	0
<b>Fund Balance at End of Year</b>	<b>\$ 871,492</b>	<b>\$ 340,212</b>	<b>\$ 237,014</b>	<b>\$ 814,351</b>

The accompanying notes are an integral part of these financial statements.

<b>Fiduciary Fund Type</b>	<b>Totals (Memorandum Only)</b>
<b>Expendable Trust</b>	
\$ 14,851	\$ 3,974,291
0	3,108,061
0	10,802
0	74,697
0	703,977
0	223,004
0	259,229
0	302,347
14,851	8,656,408
0	1,622,328
0	4,091,946
0	163,653
0	807,243
17,000	991,262
0	109,138
0	
0	343,627
0	85,134
17,000	9,136,435
(2,149)	(477,878)
0	134,298
0	10,785
0	3,795,701
0	(3,638,507)
0	302,277
(2,149)	(177,750)
15,359	2,439,294
0	14,735
\$ 13,210	\$ 2,276,279

**CITY OF EAST LIVERPOOL**

Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)  
All Governmental Fund Types and Expendable Trust Fund

For the Year Ended December 31, 2000

	<b>General Fund</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Taxes	\$ 2,393,159	\$ 2,756,965	\$ 363,806
Intergovernmental	1,618,999	1,192,214	(426,785)
Special Assessments	0	0	0
Charges for Services	0	0	0
Licenses, and Permits	471,000	638,800	167,800
Investment Earnings	200,000	211,817	11,817
Fines and Forfeitures	0	104,434	104,434
Other	0	8,008	8,008
<b>Total Revenues</b>	<b>4,683,158</b>	<b>4,912,238</b>	<b>229,080</b>
<b>Expenditures:</b>			
Current:			
General Government	1,608,998	1,528,666	80,332
Security of Persons and Property	0	0	0
Public Health Services	150,664	147,207	3,457
Transportation	245,329	245,329	0
Community Environment	140,216	138,804	1,412
Leisure Time Activities	119,789	107,796	11,993
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>2,264,996</b>	<b>2,167,802</b>	<b>97,194</b>
Excess of Revenue Over (Under Expenditures)	2,418,162	2,744,436	326,274
<b>Other Financing Sources (Uses):</b>			
Proceeds from Loans	0	0	0
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	386,980	149,168	(237,812)
Advances Out	0	0	0
Operating Transfers In	184,111	181,194	(2,917)
Operating Transfers Out	(4,307,950)	(3,395,638)	912,312
<b>Other Financing Sources (Uses)</b>	<b>(3,736,859)</b>	<b>(3,065,276)</b>	<b>671,583</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,318,697)	(320,840)	997,857
Fund Balance at Beginning of Year	400,362	400,362	0
Prior Year's Encumbrances Appropriated	24,560	24,560	0
<b>Fund Balances at End of Year</b>	<b>\$ (893,775)</b>	<b>\$ 104,082</b>	<b>\$ 997,857</b>

The accompanying notes are an integral part of these financial statements.

Special Revenue Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 645,614	\$ 599,313	\$ (46,301)
1,660,405	1,589,151	(71,254)
0	0	0
42,700	76,357	33,657
16,000	14,015	(1,985)
7,000	5,065	(1,935)
141,904	111,712	(30,192)
121,691	125,473	3,782
<u>2,635,314</u>	<u>2,521,086</u>	<u>(114,228)</u>

Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 99,605	\$ 91,108	\$ (8,497)
56,133	9,901	(46,232)
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
<u>155,738</u>	<u>101,009</u>	<u>(54,729)</u>

65,340	44,881	20,459
4,210,078	4,015,069	195,009
19,867	16,634	3,233
635,690	589,670	46,020
1,085,996	928,671	157,325
0	0	0
0	0	0
12,465	12,465	0
42,318	42,318	0
<u>6,071,754</u>	<u>5,649,708</u>	<u>422,046</u>
<u>(3,436,440)</u>	<u>(3,128,622)</u>	<u>307,818</u>

2,300	1,965	335
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
331,477	327,475	4,002
39,241	35,670	3,571
<u>373,018</u>	<u>365,110</u>	<u>7,908</u>
<u>(217,280)</u>	<u>(264,101)</u>	<u>(46,821)</u>

0	0	0
10,185	10,785	600
0	0	0
0	(211,431)	(211,431)
3,224,835	3,311,362	86,527
(51,738)	(50,688)	1,050
<u>3,183,282</u>	<u>3,060,028</u>	<u>(123,254)</u>

0	0	0
0	0	0
0	0	0
0	0	0
310,757	303,145	(7,612)
0	0	0
<u>310,757</u>	<u>303,145</u>	<u>(7,612)</u>

(253,158)	(68,594)	184,564
414,896	414,896	0
82,608	82,608	0
<u>\$ 244,346</u>	<u>\$ 428,910</u>	<u>\$ 184,564</u>

93,477	39,044	(54,433)
197,970	197,970	0
0	0	0
<u>\$ 291,447</u>	<u>\$ 237,014</u>	<u>\$ (54,433)</u>

**CITY OF EAST LIVERPOOL**

Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)  
All Governmental Fund Types and Expendable Trust Fund

For the Year Ended December 31, 2000

	<b>Capital Projects Funds</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Taxes	\$ 439,294	\$ 516,635	\$ 77,341
Intergovernmental	0	7,151	7,151
Special Assessments	11,400	10,802	(598)
Charges for Services	0	0	0
Licenses, and Permits	83,935	55,619	(28,316)
Investment Earnings	3,600	6,045	2,445
Fines and Forfeitures	50,000	40,333	(9,667)
Other	259,816	201,092	(58,724)
<b>Total Revenues</b>	<b>848,045</b>	<b>837,677</b>	<b>(10,368)</b>
<b>Expenditures:</b>			
Current:			
General Government	2,575	2,246	329
Security of Persons and Property	0	0	0
Public Health Services	0	0	0
Transportation	0	0	0
Community Environment	0	0	0
Leisure Time Activities	0	0	0
Capital Outlay	1,592,709	1,147,422	445,287
Debt Service:			
Principal Retirement	7,420	7,374	46
Interest and Fiscal Charges	7,420	7,146	274
<b>Total Expenditures</b>	<b>1,610,124</b>	<b>1,164,188</b>	<b>445,936</b>
Excess of Revenue Over (Under Expenditures)	(762,079)	(326,511)	435,568
<b>Other Financing Sources (Uses):</b>			
Proceeds from Loans	0	134,298	134,298
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	0	72,263	72,263
Advances Out	0	(10,000)	(10,000)
Operating Transfers In	0	0	0
Operating Transfers Out	(199,441)	(192,181)	7,260
<b>Other Financing Sources (Uses)</b>	<b>(199,441)</b>	<b>4,380</b>	<b>203,821</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(961,520)	(322,131)	639,389
Fund Balance at Beginning of Year	964,253	964,253	0
Prior Year's Encumbrances Appropriated	36,120	36,120	0
<b>Fund Balances at End of Year</b>	<b>\$ 38,853</b>	<b>\$ 678,242</b>	<b>\$ 639,389</b>

See accompanying notes to the Financial Statements



Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 17,000	\$ 15,197	\$ (1,803)
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
17,000	15,197	(1,803)

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 3,594,672	\$ 3,979,218	\$ 384,546
3,335,537	2,798,417	(537,120)
11,400	10,802	(598)
42,700	76,357	33,657
570,935	708,434	137,499
210,600	222,927	12,327
191,904	256,479	64,575
381,507	334,573	(46,934)
8,339,255	8,387,207	47,952

0	0	0
0	0	0
0	0	0
0	0	0
17,000	17,000	0
0	0	0
0	0	0
0	0	0
0	0	0
17,000	17,000	0

1,679,213	1,577,758	101,455
4,210,078	4,015,069	195,009
170,531	163,841	6,690
881,019	834,999	46,020
1,243,212	1,084,475	158,737
119,789	107,796	11,993
1,592,709	1,147,422	445,287
351,362	347,314	4,048
88,979	85,134	3,845
10,336,892	9,363,808	973,084

0	(1,803)	(1,803)
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(1,997,637)	(976,601)	1,021,036
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0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0

0	134,298	134,298
10,185	10,785	600
386,980	221,431	(165,549)
0	(221,431)	(221,431)
3,719,703	3,795,701	75,998
(4,559,129)	(3,638,507)	920,622
(442,261)	302,277	744,538

0	(1,803)	(1,803)
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(2,439,898)	(674,324)	1,765,574
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12,917	12,917	0
0	0	0

1,990,398	1,990,398	0
143,288	143,288	0

\$ 12,917	\$ 11,114	\$ (1,803)
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\$ (306,212)	\$ 1,459,362	\$ 1,765,574
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## CITY OF EAST LIVERPOOL

### Combined Statement of Revenues, Expenses, and Changes in Retained Earnings Proprietary Fund Type

For the Year Ended December 31, 2000

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Revenue</b>	
Charges for Services	\$ 4,138,092
Other	33,934
<b>Total Operating Revenues</b>	<u>4,172,026</u>
<b>Operating Expenses</b>	
Personal Services	2,251,166
Contractual Service	905,473
Materials and Supplies	382,572
Depreciation	263,177
<b>Total Operating Expenses</b>	<u>3,802,388</u>
Operating Income	<u>369,638</u>
<b>Non-Operating Revenues (Expenses):</b>	
Taxes	105,892
Intergovernmental	23,425
Interest	30,939
Interest and Fiscal Charges	(340,987)
<b>Total Non-Operating Revenues (Expense)</b>	<u>(180,731)</u>
Income Before Operating Transfers	<u>188,907</u>
<b>Operating Transfers In</b>	267,150
<b>Operating Transfers Out</b>	<u>(424,344)</u>
Net Income	31,713
Retained Earnings at Beginning of Year	<u>2,101,132</u>
<b>Retained Earnings at End of Year</b>	<u>\$ 2,132,845</u>
Contributed Capital at Beginning of Year	<u>0</u>
<b>Contributed Capital at End of Year</b>	<u>0</u>
<b>Fund Equity at Year of End</b>	<u>\$ 2,132,845</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF EAST LIVERPOOL**

Combined Statement of Cash Flows  
 Proprietary Fund Type  
 For the Year Ended December 31, 2000

	<u>Enterprise</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS:</b>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$ 4,206,891
Other Cash Receipts	33,934
Cash Payments for Employee Services and Benefits	(2,255,102)
Cash Payments to Suppliers for Goods and Services	(358,398)
Cash Payments for Contractual Services	<u>(908,282)</u>
<b>Net Cash Provided by Operating Activities</b>	719,043
<u>Cash Flows from Non-Capital and Related Financing Activities:</u>	
Intergovernmental Receipts	23,425
Taxes	111,263
Operating Transfers In	267,150
Operating Transfers Out	<u>(424,344)</u>
<b>Net Cash (Used) in Non-Capital and Related Financing Activities</b>	(22,506)
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Proceeds from Sale of Debt	325,266
Acquisition of Capital Assets	(180,616)
Principal Paid on Notes	(83,332)
Principal Paid on OPWC Loan	(13,000)
Principal Paid on OWDA Loan	(198,216)
Principal Paid on Capital Lease	(10,603)
Interest Paid on All Debt	<u>(340,987)</u>
<b>Net Cash (Used) in Capital and Related Financing Activities</b>	(501,488)
<u>Cash Flows from Investing Activities:</u>	
Interest Receipts	<u>30,939</u>
<b>Net Cash Provided by Investing Activities</b>	30,939
Net Decrease in Cash and Cash Equivalents	225,988
Cash and Cash Equivalents at Beginning of Year	<u>2,939,819</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 3,165,807</u></u>

**CITY OF EAST LIVERPOOL**

Combined Statement of Cash Flows  
Proprietary Fund Type (Continued)  
For the Year Ended December 31, 2000

	<u>Enterprise</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income	<u>369,638</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	<u>263,177</u>
<b>(Increase) Decrease in Assets:</b>	
Accounts Receivable	68,799
Prepaid Items	6,298
Materials & Supplies Inventory	19,416
<b>Increase (Decrease) in Liabilities:</b>	
Accounts Payable	(4,349)
Contracts Payable	8
Accrued Wages	7,013
Compensated Absences Payable	(4,600)
Intergovernmental Payable	<u>(6,357)</u>
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ 719,043</u></u>

The accompanying notes are an integral part of these financial statements.

# CITY OF EAST LIVERPOOL, OHIO

## *Notes to the General Purpose Financial Statements*

DECEMBER 31, 2000

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### **NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION**

The City of East Liverpool (the "City") is a home rule municipal corporation organized under the laws of the State of Ohio which operates under its own charter. The City is located in Columbiana County, in Eastern Ohio, on the Ohio River and is the largest city in Columbiana County. The City was chartered as a city in 1934.

The City operates under a Mayor/Council form of government. Legislative power is vested in an eight member Council, each elected for two-year terms, and other elected officials that include a Mayor, Auditor, Treasurer, and Law Director. The Mayor appoints the department directors and public members of various boards and commissions.

#### A. Reporting Entity

The City utilizes the standards of Governmental Accounting Standards Board Statement 14 for determining the reporting entity.

The financial reporting entity consists of a) the primary government, b) component units, which are legally separate organizations which are fiscally dependent on the City or for which the City is financially accountable, and c) governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. No separate government units meet the criteria for inclusion as a component unit.

The City provides various services including police and fire protection, emergency medical, recreation (including parks), planning, zoning, street maintenance and repair, water and water pollution control, sanitation, and general administrative services. The operation of each of these activities is directly controlled by the Council through the budgetary process. These City operations form the legal entity of the City and are included as part of the primary government.

The City is involved with the Columbiana Metropolitan Housing Authority, and OMEGA which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 20.

#### B. Basis of Presentation - Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

## CITY OF EAST LIVERPOOL, OHIO

### *Notes to the General Purpose Financial Statements*

DECEMBER 31, 2000

---

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

#### Governmental Fund Types:

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

General Fund - This fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, general and special assessment long-term obligation principal and interest.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

#### Proprietary Fund Type:

Proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The following is the City's proprietary fund type:

## CITY OF EAST LIVERPOOL, OHIO

### *Notes to the General Purpose Financial Statements*

DECEMBER 31, 2000

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Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

#### Fiduciary Fund Type:

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City maintains both expendable trust funds and agency funds. Expendable trust funds are accounted for and reported similarly to governmental funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

#### Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - to account for all general fixed assets of the City other than those accounted for in proprietary funds.

General Long-Term Obligations Account Group - to account for all unmatured long-term indebtedness of the City that is not a specific liability of the proprietary funds.

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The City applies the Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989 to proprietary activities provided they do not conflict with Governmental Accounting Standards Board Statements and Interpretations.

# CITY OF EAST LIVERPOOL, OHIO

## *Notes to the General Purpose Financial Statements*

DECEMBER 31, 2000

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### A. Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is typically segregated into contributed capital and retained earnings components.

However, the City does not report contributed capital. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

All governmental fund types and agency funds are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the City is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: state-levied locally shared taxes (including gasoline tax), special assessments, loans, federal and state entitlement, and shared revenue.

The City reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of December 31, 2000, whose availability is indeterminate and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue. Special assessments have been recorded as receivables and deferred revenue.



## CITY OF EAST LIVERPOOL, OHIO

### *Notes to the General Purpose Financial Statements*

DECEMBER 31, 2000

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The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term obligations are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized when they are earned and become measurable and expenses are recognized when they are incurred, if measurable. Unbilled service charges receivable are recognized as revenue at year end.

#### B. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each department. Any budgetary modifications at this level may only be made by resolution of the City Council.

#### Tax Budget:

During the first Council meeting in July, the Mayor presents the annual operating budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20, of each year, for the period January 1 to December 31 of the following year.

## CITY OF EAST LIVERPOOL, OHIO

### *Notes to the General Purpose Financial Statements*

DECEMBER 31, 2000

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#### Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the City Auditor determines, and the Budget Commission agrees that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2000.

#### Appropriations:

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of Council. During the year, several supplemental appropriation measures were passed. These supplemental appropriations did have a significant affect on the original appropriations. Final total appropriations reflect a 23% increase over total original appropriations. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

#### Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for

## CITY OF EAST LIVERPOOL, OHIO

### *Notes to the General Purpose Financial Statements*

DECEMBER 31, 2000

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subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

#### Lapsing of Appropriations:

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and need not be reappropriated.

#### C. Cash and Cash Equivalents

Cash received by the City is pooled in a central bank account, except for construction, improvement funds, and court funds which have their own respective bank accounts. Monies for all funds, except federal funds, are maintained in these accounts or temporarily used to purchase investments. Individual fund integrity is maintained through City records. Each funds' interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet. During 2000, investments were limited to certificates of deposit, repurchase agreements and management accounts. These investments are stated at cost or amortized cost which approximates market. Investment procedures are restricted by the provisions of the Ohio Revised Code.

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented on the Combined Balance Sheet as "Cash and Cash Equivalents in Segregated Accounts". See Note 6, Deposits and Investments.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments with an original maturity of three months or less and investments from the cash management pool are considered to be cash equivalents. Investments with an original maturity of more than three months not acquired by the pool are considered to be investments.

#### D. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund type when used. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

**CITY OF EAST LIVERPOOL, OHIO**

***Notes to the General Purpose Financial Statements***

**DECEMBER 31, 2000**

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**E. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are reported in the respective funds. All purchased fixed assets are valued at cost when historical records are available and at an estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the useful lives of the related fixed assets.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized, as these assets are immovable and of value only to the City.

Assets in the general fixed assets account group are not depreciated. Depreciation in the proprietary fund types is computed using the straight-line method over the following useful lives:

Buildings	50 years
Improvements other than Buildings	50 years
Machinery and Equipment	3-25 years
Furniture and Fixtures	3-25 years
Vehicles	5 years

**F. Short-term Receivables/Payables**

Receivables and payables resulting from transactions between funds for goods received or services provided are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet.

Short-term interfund loans or the short-term portion of advances are classified as "Interfund Receivables/Payables."

**CITY OF EAST LIVERPOOL, OHIO**

***Notes to the General Purpose Financial Statements***

**DECEMBER 31, 2000**

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G. Long Term Receivables/Payables

Receivables and payables resulting from long term interfund loans are classified as "Advances Due from Other Funds" or "Advances Due to Other Funds" on the balance sheets and are offset by a fund balance reserve account, "Reserve for Advances," which indicates that the loan does not constitute expendable available resources available for appropriation.

H. Compensated Absences

GASB Statement 16, Accounting for Compensated Absences, specifies the methods used to accrue liabilities for leave benefits. Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employee for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the City's termination policy.

For governmental funds, the City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The City records a liability for accumulated unused sick leave for employees after ten years of service. The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the proprietary funds the entire amount of compensated absences is reported as a fund liability.

# CITY OF EAST LIVERPOOL, OHIO

## *Notes to the General Purpose Financial Statements*

DECEMBER 31, 2000

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I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and shared revenues, are recorded as receivables and revenues when measurable and available. Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants, entitlements or shared revenues received for proprietary fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as contributed capital.

J. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Fund balances are reserved for encumbrances, inventories of materials and supplies, debt services, revolving loans and long-term advances.

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

L. Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be paid with current resources. However, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available financial resources. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**CITY OF EAST LIVERPOOL, OHIO**

**Notes to the General Purpose Financial Statements**

**DECEMBER 31, 2000**

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M. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 – PRIOR PERIOD ADJUSTMENTS**

In prior years errors were noted on the face of the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, which resulted in beginning fund balances at January 1, 2000 being overstated and understated by \$315,647 and \$56,518 in the General Fund and Special Revenue Funds, respectively.

To correct this error, the beginning balances have been restated as follows:

Schedule of Budget (Non-GAAP Basis) and Actual Restated Fund Balances

	Previously Stated Balance <u>12/31/99</u>	<u>Adjustments</u>	Restated Balance <u>1/1/00</u>
General Fund	\$ 716,009	\$ (315,647)	\$ 400,362
Special Revenue Funds	358,378	56,518	414,896

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements, appropriations, and encumbrances.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis) - All Governmental Fund Types and Expendable Trust Funds is presented on the budgetary basis to provide a comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

**CITY OF EAST LIVERPOOL, OHIO**

**Notes to the General Purpose Financial Statements**

**DECEMBER 31, 2000**

2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure for the proprietary fund type (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis:

**Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Government Fund Types**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$ (192,871)	\$ 131,774	\$ 39,044	\$ (153,548)	\$ (2,149)
Net adjustment for revenue accruals	(324,844)	57,138	0	(1,841)	346
Net adjustment for expenditure accruals	59,852	98,216	0	(19,247)	0
Advances-in	149,168	0	0	72,263	0
Advances-out	0	(211,431)	0	(10,000)	0
Debt service principal	0	0	0	(3,687)	0
Encumbrances	<u>(12,145)</u>	<u>(144,291)</u>	<u>0</u>	<u>(206,071)</u>	<u>0</u>
Budget Basis	<u>\$ (320,840)</u>	<u>\$ (68,594)</u>	<u>\$ 39,044</u>	<u>\$ (322,131)</u>	<u>\$ (1,803)</u>

**NOTE 5 - ACCOUNTABILITY AND COMPLIANCE**

Fund Deficits

The following funds had deficit fund balances at December 31, 2000:

<u>Special Revenue Fund Type:</u>	
Police Fund	\$ (47,982)



**CITY OF EAST LIVERPOOL, OHIO**

***Notes to the General Purpose Financial Statements***

**DECEMBER 31, 2000**

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Fire Fund	(190,184)
<u>Capital Project Fund Type:</u>	
Fawcett Project	(45,489)

These funds had deficit balances due primarily to the recognition of liabilities in accordance with generally accepted accounting principles. The General Fund provides transfers to cover deficit balances, however, this is done when cash is needed rather than when accruals occur.

**NOTE 6 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the City 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 City 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 Council 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.

Protection of the City'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 treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Interim monies may be deposited or 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 Mortgage Association, Federal Home Loan Bank, Federal Farm

## CITY OF EAST LIVERPOOL, OHIO

### *Notes to the General Purpose Financial Statements*

DECEMBER 31, 2000

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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 must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond 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) 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 (STAROhio).

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 City, and must be purchased with 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand. At year end, the City had \$925 in undeposited cash on hand which is included on the balance sheet of the City as part of "equity in pooled cash and cash equivalents."

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

Deposits. At year-end, the carrying amount of the City's deposits was \$843,010 and the bank balance was \$1,102,008. Of the bank balance:

1. \$434,825 was covered by federal depository insurance.
2. \$667,183 was uninsured and uncollateralized. Although the collateral for the securities was held by the pledging financial institutions' trust department in the

**CITY OF EAST LIVERPOOL, OHIO**

**Notes to the General Purpose Financial Statements**

**DECEMBER 31, 2000**

City's name and all State statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements would potentially subject the City to a successful claim by the FDIC.

Investments. GASB Statement 3 "Deposits with Financial Institutions, Investment and Reverse Repurchase Agreements" requires that investments be categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name.

	<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Repurchase Agreement	\$ 0	\$ 0	\$ 4,145,000	<u>\$ 4,145,000</u>	<u>\$ 4,145,000</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statements No. 9. Cash and cash equivalents are defined to include investments with original maturities of three months or less.

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$ 4,988,935	\$ 0
Cash on hand	(925)	0
Repurchase Agreements	<u>(4,145,000)</u>	<u>4,145,000</u>
GASB Statement 3	<u>\$ 843,010</u>	<u>\$4,145,000</u>

**CITY OF EAST LIVERPOOL, OHIO**

***Notes to the General Purpose Financial Statements***

**DECEMBER 31, 2000**

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**NOTE 7 - TAXES**

A. Property Taxes

Property taxes include amounts levied against all real and public utility property, and tangible personal (used in business) property located in the City. Real property taxes were levied after October 1, 1999 on the assessed value as of January 1, 1999, the lien date, and were collected in 2000. Assessed values for real property are established by State law at 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes received in 2000 attached as a lien on December 31, 1999, were levied after October 1, 1999 and are collected with real property taxes. Public utility property taxes are assessed on tangible personal property at 88% of true value. 2000 tangible personal property taxes are levied after October 1, 1998, on the value listed as of December 31, 1999 and are collected in 2000. Tangible personal property assessments are 25% of true value.

The assessed value upon which the 2000 taxes were collected was \$102,659,700. Real estate represented 68% (\$70,238,950) of this total, tangible personal property represented 21% (\$21,471,940), and public utilities tangible personal property represented 11% (\$10,948,810). The full tax rate for all City operations applied to taxable property for the year ended December 31, 2000 was \$14.50 per \$1,000 of assessed valuation.

Real and public utility property taxes are payable annually or semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due October 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by October 20.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which became measurable as of December 31, 2000. Total property tax collections for the next fiscal year are measurable amounts, however, since these tax collections will not be received during the available period nor are they intended to finance 2000 operations, the receivable is offset by a credit to deferred revenue.

**CITY OF EAST LIVERPOOL, OHIO**

***Notes to the General Purpose Financial Statements***

**DECEMBER 31, 2000**

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**B. Income Tax**

The City levies a tax of 1.5% on all salaries, wages, commissions and other compensation, and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee's compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City ordinance, 15% of the income tax proceeds are credited to the capital projects fund and the remainder to the general fund. Total income tax collected for the year ending December 31, 2000 was \$2,973,243.

***NOTE 8 - RECEIVABLES***

Receivables at December 31, 2000 consisted of taxes, accounts (billings for user charged services including unbilled utility services), loans, special assessments, and intergovernmental receivables arising from entitlements and shared revenues. All receivables are deemed collectible in full. Special assessments are deemed collectible in full because the County will foreclose on the property in order to collect the full amount of outstanding property taxes and special assessments.

The special revenue funds reflect loans receivable of \$51,391. These loans receivable are for financing the rehabilitation of homes to low and moderate income families and loans to local businesses for community development. \$51,391 of the fund balance representing revolving loans receivable is reserved because it is not appropriable for expenditures, or is legally segregated for specific use.

**CITY OF EAST LIVERPOOL, OHIO**

***Notes to the General Purpose Financial Statements***

**DECEMBER 31, 2000**

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A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amount</u>
General Fund:	
Estate Tax	\$ 35,183
Local Government Tax	356,208
Liquor Licenses	<u>145</u>
Total General Fund	391,536
Special Revenue Funds:	
Gasoline Tax	34,866
City Permissive Tax	6,021
Motor Vehicle Tax	<u>11,970</u>
Total Special Revenue Funds	<u>52,857</u>
Total	<u>\$ 444,393</u>

***NOTE 9 - FIXED ASSETS AND DEPRECIATION***

A summary of the enterprise funds' property, plant and equipment at December 31, 2000 follows:

Land	\$ 25,771
Buildings and Improvements	2,454,241
Improvements other than Buildings	6,015,714
Machinery and Equipment	<u>2,209,721</u>
Total	10,705,447
Less: Accumulated Depreciation	<u>(7,687,675)</u>
Net Fixed Assets	<u>\$3,017,772</u>

**CITY OF EAST LIVERPOOL, OHIO**

**Notes to the General Purpose Financial Statements**

**DECEMBER 31, 2000**

A summary of changes in general fixed assets follows:

	Balance 1/1/00	Additions	Deletions	Balance 12/31/00
Land	\$ 617,484	\$ 62,313	\$ 0	\$ 679,797
Buildings	266,998	5,005	0	272,003
Improvements other than buildings	284,026	0	(1,000)	283,026
Machinery and equipment	<u>4,046,843</u>	<u>224,408</u>	<u>(55,910)</u>	<u>4,215,341</u>
Totals	<u>\$ 5,215,351</u>	<u>\$ 291,726</u>	<u>\$ (56,910)</u>	<u>\$ 5,450,167</u>

**NOTE 10 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City contracts with various insurance companies to provide general liability insurance, property and fleet insurance, inland marine insurance, and crime insurance. These insurance policies vary in limits, deductibles and co-insurance. Claims have not exceeded coverage in any of the last three years.

The type of coverage and respective ranges are as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Limit</u>
Building and contents		
Public Utilities (90% coinsurance)	\$ 1,000	\$ 9,818,160
All Other (100% coinsurance)	500	4,600,000
Inland Marine	500	725,217
Boiler and Machinery	500	2,000,000
Automobile Liability	500-1,000	1,000,000
Uninsured Motorists	0	1,000,000
Crime Insurance	250	30,000
Employee Dishonesty	250	30,000
Public Officials Liability	1,000	1,000,000
Employee Benefits Liability		
Per Employee	1,000	1,000,000
Aggregate	n/a	3,000,000
General Liability		
Per Occurrence	0	1,000,000
Aggregate	n/a	3,000,000
Law Enforcement Liability	10,000	1,000,000

**CITY OF EAST LIVERPOOL, OHIO**

***Notes to the General Purpose Financial Statements***

**DECEMBER 31, 2000**

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During 2000, the City participated in the Ohio Municipal League City Group Rating Plan (OML), an insurance purchasing pool. The intent of the OML is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the OML. The workers compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the OML. Each participant pays its workers' compensation premium to the State based on the rate for the OML rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the OML. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the OML. Participation in the OML is limited to cities that can meet the OML's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the OML.

***NOTE 11 - DEFINED BENEFIT PENSION PLANS***

***A. Public Employees Retirement System***

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.



## CITY OF EAST LIVERPOOL, OHIO

### *Notes to the General Purpose Financial Statements*

DECEMBER 31, 2000

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Plan members are required to contribute 8.5% of their annual covered salary to fund pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the City was 10.84% of covered payroll, reduced from 13.55% in 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2000, 1999 and 1998 were \$349,844, \$427,225 and \$408,354, respectively. The full amount has been contributed for 1999 and 1998. 80% has been contributed for 2000 with the remainder being reported as a liability in the enterprise fund and the general long-term obligations account group.

#### *B. Ohio Police and Fire Pension Fund*

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer public employee retirement system administered by the OP&F's Board of Trustees. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215.

Police and firefighters are required to contribute 10% of their annual covered salary to fund pension obligations and the City is required to contribute 12.25% for police and 16.75% for firefighters. For 1999, the City contributions were 12.5% for police and 17% for firefighters. Contributions are authorized by state statute. The City's contributions to the OP&F for police and firefighters were \$200,627 and \$322,773 for the year ended December 31, 2000, \$528,719 combined for 1999, and \$494,786 combined for 1998. The full amount has been contributed for 1999 and 1998 and 73% and 73%, respectively, has been contributed for 2000 with the remainder being reported as a liability within the general long-term obligations account group.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967. As of December 31, 2000, the unfunded liability of the City was \$986,335, payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary. The liability is reported in the general long-term obligations account group.

**CITY OF EAST LIVERPOOL, OHIO**

***Notes to the General Purpose Financial Statements***

**DECEMBER 31, 2000**

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**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**A. *Public Employees Retirement System***

The Public Employees Retirement System of Ohio (PERS) provides postretirement 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. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by state statute. The 2000 employer contribution rate was 10.84% of covered payroll; 4.30% was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55% of covered payroll; 4.20% was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a return on investments of 7.75%, an annual increase in active employee total payroll of 4.75% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54% and 5.1% based on additional annual pay increases. Health care premiums were assumed to increase 4.75% annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 401,339. The City's actual contributions for 2000, which were used to fund postemployment benefits were \$138,783. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999 (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

**CITY OF EAST LIVERPOOL, OHIO**

***Notes to the General Purpose Financial Statements***

**DECEMBER 31, 2000**

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**B. *Ohio Police and Fire Pension Fund***

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care cost paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 7.25% of covered payroll was applied to the postemployment health care program during 2000. For 1999 the percent used to fund healthcare was 7%. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2000 that were used to fund postemployment benefits were \$74,633 for police and \$97,477 for fire. The OP&F's total health care expenses for the year ended December 31, 1999 (the latest information available) were \$95,004,633, which was net of member contributions of \$5,518,098. The number of OP&F participants eligible to receive health care benefits as of December 31, 1999 was 12,467 for police and 9,807 for firefighters.

**NOTE 13 - OTHER EMPLOYEE BENEFITS**

The City provides life insurance and accidental death and dismemberment insurance to all union employees as well as all non-union full-time employees, excluding elected officials. The amount of the life insurance policy for the union employees is \$2,000 plus an amount paid by the employees' union to equal the employees' annual salary. Non union employees' life insurance is based on their annual salary. The police and fire employees receive a \$25,000 policy.

The city contracts with Anthem Blue Cross, Blue Shield, for medical prescriptions, dental and vision insurance for all employees and elected officials. The City pays monthly premiums up to a maximum amount, per union agreements. The additional premium costs are paid by the employee. City premiums are paid from the same funds that pay the employees salaries.

**CITY OF EAST LIVERPOOL, OHIO**

**Notes to the General Purpose Financial Statements**

**DECEMBER 31, 2000**

**NOTE 14 - CAPITAL LEASES**

The City leases computers, a phone system, copiers, and backhoes under capital leases. The costs of the equipment obtained under capital leases are included in the General Fixed Assets Account Group and the related liabilities in the General Long-Term Obligations Account Group. Enterprise fund capital leases are capitalized as fixed assets with a corresponding liability recorded in the specific fund.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2000:

Year Ending December 31,	General Long-Term Obligation Account Group	Enterprise	Total
2001	\$ 35,406	\$ 11,891	\$ 47,297
2002	12,220	0	12,220
Minimum Lease Payments	47,626	11,891	59,517
Less: Amount representing interest at the City's incremental borrowing rate of interest	(1,298)	(664)	(1,962)
Present value of minimun lease payments	<u>\$ 46,328</u>	<u>\$ 11,227</u>	<u>\$ 57,555</u>

**NOTE 15 - COMPENSATED ABSENCES**

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn vacation and sick leave at different rates depending upon length of service and type of employment. Vacation leave benefits are lost at year end if employees do not use these balances during the year unless prior approval has been obtained from the department head. Upon retirement or death, employees are paid to a maximum of 480 hours for accumulated unused sick leave. Police are paid upon retirement and completion of twenty-five years of service. Police receive payment for a maximum of 480 hours. As of December 31, 2000, the liability for unpaid compensated absences was \$697,295.

CITY OF EAST LIVERPOOL, OHIO

Notes to the General Purpose Financial Statements

DECEMBER 31, 2000

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**NOTE 16 - NOTES PAYABLE**

A summary of the note transactions for the year ended December 31, 2000, follows:

<u>Fund</u>	<u>Interest Rate</u>	<u>Balance 1/1/2000</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2000</u>
Capital Projects Fund:					
Fifth St. Improvements	5.32%	\$ 67,718	\$ 0	\$ (3,687)	\$ 64,031
Total		<u>\$ 67,718</u>	<u>\$ 0</u>	<u>\$ (3,687)</u>	<u>\$ 64,031</u>

The remaining note is backed by the full faith and credit of the City. The note has a term longer than one year.

Principal and interest requirements to retire the outstanding note at December 31, 2000 are as follows:

<u>Year ending</u>	
2001	\$ 7,260
2002	7,260
2003	7,260
2004	7,260
2005	7,260
2006-2010	36,299
2011-2012	<u>13,915</u>
	<u>\$ 86,514</u>

**CITY OF EAST LIVERPOOL, OHIO**

**Notes to the General Purpose Financial Statements**

**DECEMBER 31, 2000**

**NOTE 17 - LONG-TERM OBLIGATIONS**

Changes in long-term obligations of the City during the year ended December 31, 2000 consisted of the following:

<u>Maturity Year</u>		<u>Interest Rate</u>	<u>Principal Balance 1/1/00</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Balance 12/31/00</u>
2007	Henry Avenue	5.61%	\$ 0	\$ 240,000	\$ 0	\$ 240,000
2002	Water Meters	4.35%	105,093	0	(34,469)	70,624
2002	Garbage trucks	4.35%	39,253	0	(12,874)	26,379
2002	Anderson Boulevard	4.35%	65,112	0	(21,356)	43,756
2002	Patchmobile	4.35%	8,435	0	(2,767)	5,668
2004	Zebra-Mussle Clean-Up	4.88%	65,000	0	(11,866)	53,134
	Total Enterprise Funds installment loans		282,893	240,000	(83,332)	439,561
2014	1993 Ohio Public Works Commission loan	0.00%	188,500	85,266	(13,000)	260,766
	Ohio Water Development Authority Loans:					
2011	1985 OWDA Water	9.78%	1,842,859	0	(100,639)	1,742,220
2014	1994 OWDA Water	5.77% and 5.94%	1,089,017	0	(52,640)	1,036,377
2013	1996 OWDA Sewer	8.23%	1,040,935	0	(44,937)	995,998
	Total OWDA loans payable		3,972,811	0	(198,216)	3,774,595
2001	Capital Lease Obligation Backhoe 1996	7.50%	21,830	0	(10,603)	11,227
	Compensated Absences Payable		189,077	0	(4,600)	184,477
	Total Enterprise Funds long-term obligations		\$ 4,655,111	\$ 325,266	\$ (309,751)	\$ 4,670,626

CITY OF EAST LIVERPOOL, OHIO

Notes to the General Purpose Financial Statements

DECEMBER 31, 2000

<u>Maturity Year</u>		<u>Interest Rate</u>	<u>Principal Balance 1/1/00</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Balance 12/31/00</u>
<b>General Long-Term Obligations:</b>						
Installment loans payable:						
2001	Fire truck 1996	5.10%	\$ 63,236	\$ 0	\$ (41,421)	\$ 21,815
2001	Court computers	5.10%	54,561	0	(35,862)	18,699
2002	Roofs and additions - City Hall and Fire Department	6.10%	67,616	0	(24,076)	43,540
2002	Washington Street Project	4.35%	115,648	0	(37,931)	77,717
2002	Patchmobile	4.35%	4,218	0	(1,383)	2,835
2002	Street Paving 1999	4.35%	39,037	0	(12,803)	26,234
2004	Land Purchase	4.88%	177,345	0	(32,604)	144,741
2002	1999 Street Pickup Truck	4.50%	35,164	0	(8,260)	26,904
2002	1999 Street Pickup Truck	4.72%	29,689	0	(9,481)	20,208
2005	1999 Fawcett Project	4.60%	349,517	0	(52,343)	297,174
	Total installment loans payable		936,031	0	(256,164)	679,867
2010	Ohio Dept. of Transportation loan	0.00%	667,857	134,298	(60,000)	742,155
2009	1999 Ohio Public Works Commission Loan	0.00%	142,500	0	(15,000)	127,500
	Total GTLDAG loans		1,746,388	134,298	(331,164)	1,549,522
	Compensated absences		382,641	62,651	0	445,292
Capital lease obligation:						
2002	Gateway Computers	7.00%	49,615	0	(21,182)	28,433
2000	AT&T Phone System	10.48%	827	0	(827)	0
2002	Court Copier - Xerox	8.00%	5,997	0	(1,997)	4,000
2002	Copier - Canon	10.34%	0	9,358	(3,286)	6,072
2002	Copier - Canon	9.99%	0	12,070	(4,247)	7,823
	Total capital leases		56,439	21,428	(31,539)	46,328
2035	Accrued pension liability		998,800	0	(12,465)	986,335
	Total general long-term obligations		3,184,268	218,377	(375,168)	3,027,477
	Total long-term obligations		\$ 7,839,379	\$ 543,643	\$ (684,919)	\$ 7,698,103

The OWDA, OPWC, and other enterprise fund loans will be repaid with water, sewer, and sanitation fund revenues. General installment loans and leases will be paid from tax revenue and other revenues in the governmental funds. The police and fire pension liability will be paid from general property tax revenues. Compensated absences reported in the "compensated absences payable" account will be paid from the fund from which the employees' salaries are paid.

**CITY OF EAST LIVERPOOL, OHIO**

**Notes to the General Purpose Financial Statements**

**DECEMBER 31, 2000**

Principal and interest requirements amounting to \$7,010,779 and \$3,641,792, respectively, to retire long-term obligations outstanding at December 31, 2000 are as follows:

Years	Enterprise			Totals
	Installment Loans	OWDA Loans	OPWC Loan	
2001	\$ 136,302	\$ 263,511	\$ 13,000	\$ 412,813
2002	129,662	527,021	13,000	669,683
2003	56,607	527,022	13,000	596,629
2004	56,607	527,021	13,000	596,628
2005	41,930	527,022	13,000	581,952
2006-2010	83,859	2,635,108	65,000	2,783,967
2011-2015	0	1,478,758	45,500	1,524,258
Totals	<u>\$ 504,967</u>	<u>\$ 6,485,463</u>	<u>\$ 175,500</u>	<u>\$ 7,165,930</u>

Years	General Long -Term Obligations Account Group				Totals
	Installment Loans	ODOT Loan	OPWC Loan	Accrued Pension Liability	
2001	\$ 254,994	\$ 60,000	\$ 15,000	\$ 54,783	\$ 384,777
2002	199,415	60,000	15,000	54,782	329,197
2003	108,232	60,000	15,000	54,783	238,015
2004	104,845	60,000	15,000	54,782	234,627
2005	61,956	60,000	15,000	54,783	191,739
2006-2010	0	300,000	52,500	273,914	626,414
2011-2015	0	142,155	0	273,914	416,069
Thereafter	0	0	0	1,065,803	1,065,803
Totals	<u>\$ 729,442</u>	<u>\$ 742,155</u>	<u>\$ 127,500</u>	<u>\$ 1,887,544</u>	<u>\$ 3,486,641</u>



**CITY OF EAST LIVERPOOL, OHIO**

**Notes to the General Purpose Financial Statements**

**DECEMBER 31, 2000**

**NOTE 18 - INTERFUND TRANSACTIONS**

Interfund balances at December 31, 2000 consist of the following fund receivables and payables:

Due from/to other funds:			Advances	Advances
<u>Fund Type/Fund</u>	<u>Due From</u>	<u>Due to</u>	<u>Due From</u>	<u>Due to</u>
	<u>Other Funds</u>	<u>Other Funds</u>	<u>Other Funds</u>	<u>Other Funds</u>
General Fund	\$ 0	\$ 40,767	\$ 53,995	\$ 0
Capital Projects	<u>40,767</u>	<u>0</u>	<u>0</u>	<u>53,995</u>
	<u>\$ 40,767</u>	<u>\$ 40,767</u>	<u>\$ 53,995</u>	<u>\$ 53,995</u>

**NOTE 19 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The City's enterprise funds account for the provision of water, sewer, sanitation, and parking services. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the City of East Liverpool as of and for the year ended December 31, 2000:

	<u>Water</u>	<u>Sewer</u>	<u>Off Street</u>	<u>Incinerator</u>	<u>Swimming</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Parking</u>	<u>Fund</u>	<u>Pool</u>	
			<u>Fund</u>		<u>Fund</u>	
Operating revenues	\$ 2,492,826	\$ 1,163,723	\$ 20,467	\$ 484,069	\$ 10,941	\$ 4,172,026
Depreciation	102,038	142,028	0	19,111	0	263,177
Operating income (loss)	369,895	30,622	1,851	(6,584)	(26,146)	369,638
Tax revenue	0	0	0	105,892	0	105,892
Intragovernmental revenue	12,784	0	0	10,641	0	23,425
Transfers In	216,300	26,850	0	0	24,000	267,150
Transfers Out	(113,330)	(273,631)	0	(37,383)	0	(424,344)
Net income (loss)	264,231	(303,308)	1,851	71,085	(2,146)	31,713
Total assets	3,613,424	2,794,631	2,319	519,035	1,605	6,931,014
Working capital	1,692,551	1,692,315	2,957	347,864	1,091	3,736,778
Property, plant and equipment additions	60,359	24,435	0	95,822	0	180,616
Bonds and loans payable	3,426,169	1,022,374	0	26,379	0	4,474,922
Total equity (deficit)	3,866	1,664,210	2,957	460,721	1,091	2,132,845
Encumbrances outstanding						
December 31, 2000	77,790	18,032	0	46,919	0	142,741

**CITY OF EAST LIVERPOOL, OHIO**

***Notes to the General Purpose Financial Statements***

**DECEMBER 31, 2000**

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***NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS***

Columbiana Metropolitan Housing Authority is a non-profit organization established to provide adequate public housing for low income individuals and is statutorily created as a separate and distinct political subdivision of the State. The Authority is operated by a five member board of commissioners. Two members are appointed by the Mayor of East Liverpool, one member is appointed by the Columbiana County Commissioners, one member is appointed by the judge of the probate court, and one member is appointed by the judge of the court of common pleas. The City did not contribute any amounts to the Authority during 2000. The continued existence of the Authority is not dependent on the City's continued participation and no equity interest exists. The Authority has no outstanding debt for which the City of East Liverpool is responsible.

Ohio Mid-Eastern Governments Association (OMEGA) is a ten-county regional council of governments comprised of Belmont, Carroll, Coshocton, Columbiana, Guernsey, Harrison, Holmes, Jefferson, Muskingum, and Tuscarawas Counties. OMEGA was formed to aid and assist the participating counties and political subdivisions within the counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA is governed by a sixteen member executive board comprised of members appointed from each participating county and cities within each county. City membership is voluntary. The Mayor of the City of East Liverpool serves as the City's representative on the board. The board has total control over budgeting, personnel, and financial matters. Each member currently pays a per capita membership fee based upon the most recent United States Census. During 2000, OMEGA received \$1,229 from the City of East Liverpool for an annual fee. The continued existence of OMEGA is not dependent on the City's continued participation and no equity interest exists. OMEGA has no outstanding debt.

***NOTE 21 - CLOSURE AND POSTCLOSURE CARE COST***

In 1993, the City agreed to sell the East Liverpool City Landfill to the East Liverpool Landfill, Inc. The landfill and all contractual obligations were subsequently acquired by USA Waste Services, Inc (USA). USA is in the process of closing the landfill. Under the original sales agreement, the City indemnified the purchaser for all cost incurred with regard to the activities or operations of the landfill prior to 1990.

USA has assured the City that they are closing the landfill at their sole cost and expense. USA has posted all required closure and post-closure bonds with the Environmental Protection Agency (EPA). The City's post-closure liability relating to the pre-1990 operations, if any, can not be determined.

**CITY OF EAST LIVERPOOL, OHIO**

***Notes to the General Purpose Financial Statements***

**DECEMBER 31, 2000**

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***NOTE 22 - CONTINGENCIES***

A. Grants

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with term and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the City at December 31, 2000.

B. Litigation

The City of East Liverpool is currently party to several claims and lawsuits. In the opinion of the City Law Director, the outcome of these claims will not have a material effect on the financial statements of the City of East Liverpool.

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# Rea & Associates, Inc.

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ACCOUNTANTS AND BUSINESS CONSULTANTS

July 13, 2001

Mayor and Members of Council  
City of East Liverpool  
East Liverpool, OH 43920

Independent Auditor's Report on Compliance and Internal Control  
Over Financial Reporting Based on an Audit of General Purpose Financial Statements  
Performed in Accordance with Government Auditing Standards

We have audited the general purpose financial statements of the City of East Liverpool (the "City") as of and for the year ended December 31, 2000, and have issued our report thereon dated July 13, 2001. 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 of America.

Compliance

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the City in a separate letter dated July 13, 2001.

City of East Liverpool  
Independent Auditor's Report on Compliance and Internal Control  
Over Financial Reporting Based on an Audit of General Purpose Financial Statements  
Performed in Accordance with Government Auditing Standards  
July 13, 2001  
Page 2

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control structure 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 operations that we consider to be material weaknesses.

This report is intended for the information and use of the Mayor, City Council, management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Rea & Associates, Inc.*

# Rea & Associates, Inc.

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ACCOUNTANTS AND BUSINESS CONSULTANTS

July 13, 2001

Mayor and Members of Council  
City of East Liverpool  
East Liverpool, OH 43920

Independent Auditor's Report on Compliance with  
Requirements Applicable to Each Major Program and Internal  
Control Over Compliance in Accordance with OMB Circular A-133

Compliance

We have audited the compliance of the City of East Liverpool (the "City") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2000. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of East Liverpool complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to the major federal program 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 compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards - Non-GAAP Budgetary Basis

We have audited the general purpose financial statements of the City of East Liverpool as of and for the year ended December 31, 2000, and have issued our report thereon dated July 13, 2001. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended for the information and use of the Mayor, City Council, management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Rea & Associates, Inc.*



CITY OF EAST LIVERPOOL  
COLUMBIANA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2000

**1. SUMMARY OF AUDITOR'S RESULTS**

A-133 Ref.  
.505(d)

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any reportable conditions reported for major programs which were not considered to be material?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list):	Community Development Grant Program CFDA# 14.228
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	No

CITY OF EAST LIVERPOOL  
COLUMBIANA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(CONTINUED)  
DECEMBER 31, 2000

<b>2. FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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No matters were reportable.

<b>3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS</b>
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No matters were reportable.

<b>4. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN</b>
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Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1998 – 001	<u>Bank Activity</u> The Treasurer had not reconciled total fund balance to the depositories during 1998. The City had too many active depository accounts.	Yes	The City closed all unnecessary depository accounts. Reconciling procedures are performed monthly.

**CITY OF EAST LIVERPOOL  
COLUMBIANA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA #	Pass-Through Grantor's Number	Program Award Amount	2000 Expenditures
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)				
Comprehensive Housing Improvement Program (CHIP) (Passed through Ohio Department of Development):	14.239	A-C-98-115-2	\$ 397,400	\$ 241,291
Home Investment Partnership Program (HOME)		A-C-98-115-2	44,000	<u>12,500</u>
Total CFDA# 14.239				253,791
(Passed through Ohio Department of Development):				
Community Development Block Grant (Formula)	14.228	A-F-99-115-1	118,000	112,780
Community Development Block Grant (Formula)		A-F-98-115-1	122,000	92,000
Comprehensive Housing Improvement Program (CHIP)		A-C-98-115-1	118,600	39,926
Comprehensive Housing Improvement Program (CHIP)		A-C-00-115-1	98,000	5,000
Home Investment Partnership Program (HOME)		A-C-00-115-1	402,000	6,976
Economic Development Grant		A-E-98-115-1	400,000	53,778
Appalation Regional Commission		A-P-99-115-1	230,000	<u>230,000</u>
Total CFDA# 14.228				540,460
Total Housing and Urban Development Programs				<u>794,251</u>
U.S. DEPARTMENT OF JUSTICE -OFFICE OF JUSTICE PROGRAMS				
Community Oriented Policing Services - COPS Fast Grant	16.710	95-CF-WX-3265	450,000	<u>75,000</u>
Total Expenditures of Federal Awards				<u><u>\$ 869,251</u></u>

CITY OF EAST LIVERPOOL  
COLUMBIANA COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2000

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of East Liverpool and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State and Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

NOTE 2: HOUSING REHABILITATION LOAN PROGRAM

The Housing Rehabilitation Revolving Loan Program did not receive federal moneys in 2000. The amount available at December 31, 2000 for future loans is \$24,577.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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**CITY OF EAST LIVERPOOL**

**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 9, 2001**