

**CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION**

Financial Condition

As of

December 31, 2010

Together with Auditors' Report





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the East Liverpool Community Improvement Corporation, Columbiana County, prepared by Kevin L. Penn, Inc., for the audit period January 1, 2010 through December 31, 2010. 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 East Liverpool Community Improvement Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 22, 2011

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**CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION  
EAST LIVERPOOL, OHIO**

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## **Independent Auditor's Report**

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

I have audited the accompanying financial statements of the City of East Liverpool Community Improvement Corporation, as of December 31, 2010 and for the year then ended, listed in the foregoing table of contents. These financial statements are the responsibility of the City of East Liverpool Community Improvement Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis in my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of East Liverpool Community Improvement Corporation, as of December 31, 2010, and the changes in net assets and revenues, expenditures and other changes, and the cash flows for the year ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated April 20, 2011 on my consideration of the City of East Liverpool Community Improvement Corporation's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the result of my audit.

Kevin L. Penn, Inc.

April 20, 2011

City of East Liverpool Community Improvement Corporation  
Statement of Financial Position

December 31, 2010

ASSETS

**Current Assets:**

Cash and Cash Equivalents (Note 1)	\$26,333
Accounts Receivable	480
Allowance for Doubtful Accounts	(480)
Current Maturities of Notes Receivable	<u>7,149</u>
Total Current Assets	33,482

**Property and Equipment:**

Land	<u>37,410</u>
Total Property and Equipment	37,410

Other Assets

Loan Receivable	18,188
Less: Current Maturities of Notes Receivable	<u>(7,149)</u>
Total Other Assets	<u>11,039</u>
TOTAL ASSETS	<u><u>\$81,931</u></u>

LIABILITIES AND NET ASSETS

**Current Liabilities:**

Deferred Lease Revenue	<u>\$2,250</u>
Total Current Liabilities	<u>2,250</u>
Total Liabilities	2,250

**Net Assets:**

Unrestricted	<u>79,681</u>
Total Net Assets	<u>79,681</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$81,931</u></u>

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

City of East Liverpool Community Improvement Corporation  
Statement of Activities

For the Year Ended December 31, 2010

<b>Operating Revenue:</b>	
Tenant Rental	\$720
Total Operating Revenue	<u>720</u>
<b>Operating Expenses (Note 7)</b>	<u>1,753</u>
Change in Net Assets Before Other Revenues and Deductions	(1,033)
Other Revenue:	
Interest Income	1,495
Miscellaneous	3,280
Total Other Revenue	<u>4,775</u>
Other Deductions:	
Contribution to to the City of East Liverpool	120
Bad Debt Expense	480
Total Other Deductions	<u>600</u>
Change in Net Assets before Transfers	3,142
Net Assets - Beginning of Year as Restated	<u>76,539</u>
Net Assets - End of Year	<u><u>\$79,681</u></u>

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

City of East Liverpool Community Improvement Corporation  
Statement of Cash Flows

For the Year Ended December 31, 2010

**Cash flows from operating activities:**

Cash Received from Customers	\$14,264
Interest Received	1,495
Cash Paid to Suppliers & Employees	<u>(1,753)</u>
Net cash provided by operating activities	14,006

**Cash flows from investing activities:**

Net cash used in investing activities	<u>0</u>
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**Cash flows from financing activities:**

Net cash used in financing activities	<u>0</u>
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Net Increase (Decrease) in Cash and Cash Equivalent	14,006
Beginning of Period Cash	<u>12,327</u>
End of Period Cash	<u><u>\$26,333</u></u>

**Reconciliation of change in net assets to net cash provided by operating activities:**

Increase (decrease) in net assets	\$3,142
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**Adjustments to reconcile change in net assets to net cash provided by operating activities:**

(Increase) decrease in accounts receivable	3,030
(Increase) decrease in notes receivable	7,984
Increase (decrease) in deferred revenue	<u>(150)</u>
Net cash provided by operating activities	<u><u>\$14,006</u></u>

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

**CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION  
EAST LIVERPOOL, OHIO**

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2010**

**NOTE 1 - Summary of Significant Accounting Policies:**

A. Organization

City of East Liverpool Community Improvement Corporation (Corporation) was incorporated on December 29, 1981 as a non-designated Community Improvement Corporation under the laws of the State of Ohio. The purpose of City of East Liverpool is to advance, encourage and promote the industrial, economic, commercial and civic development in the City of East Liverpool.

B. Basis of Accounting

The Corporation has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America.

C. Land

Land is recorded at cost.

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows and for presentation of the Balance Sheet, cash and cash equivalents consist principally of checking and savings accounts.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Values assigned to donated land are based on independent outside appraisers for all parcels in excess of \$5,000.00.

F. Revenue Recognition

Tenant rental revenues are recognized during the period of occupancy. Expenses are recognized as incurred.

**CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION  
EAST LIVERPOOL, OHIO**

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2010**

**NOTE 1 - Summary of Significant Accounting Policies: (continued)**

G. Federal Income Tax

The Corporation is exempt from filing federal income taxes as an Instrumentality under Section 115 Chapter a 1 b of the Internal Revenue Code.

**NOTE 2 - Leases**

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

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

A. Babbs Island Boat Club – Lease period is for 20 years and commenced in 1993. Under the terms of the lease the lessee is required to pay annual rents of \$120, maintain liability insurance in the amount of \$500,000 and save harmless the lessor from any and all liability during the lease period.

B. Ohio Valley Boating Club – Lease period is for 20 years and commenced in 1993. Under the terms of the lease the lessee is required to pay annual rents of \$120, maintain liability insurance in the amount of \$500,000 and save harmless the lessor from any and all liability during the lease period.

C. Parsons Coal Lease – the original lease period was for five years and commenced in 1999. The lease was renewed in September 2010 for an additional five years. Under terms of the lease the lessee is required to pay \$600 per year.

**CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION  
EAST LIVERPOOL, OHIO**

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2010**

**NOTE 3 – Minimum Rents Under Non-Cancelable Operating Lease**

Rents under non-cancelable operating leases are as follows:

2011	\$ 720
2012	720
2013	720
2014	<u>600</u>
Total	<u>\$2,760</u>

**NOTE 4 – Risk Management**

The City of East Liverpool has obtained commercial insurance for the following risks:

- Comprehensive Property and General Liability
- Errors and Omissions

**NOTE 5 – Loans Receivable**

Loan Receivable - Thomas A. Wycoff uncolateralized, 4% interest due in monthly installments of \$218.70 including interest with final payment due in 2014.	\$ 10,419
Loan Receivable - Tee Party, Inc. uncolateralized, 4% interest due in monthly installments of \$157.57 including interest with final payment due in 2013.	6,272
Loan Receivable - One Day at a Time Club uncolateralized, 4% interest due in monthly installments of \$108..56 including interest with final payment due in 2011.	847
Loan Receivable - One Day at a Time Club uncolateralized, 4% interest due in monthly installments of \$82.85 including interest with final payment due in 2011.	650
Less Current Maturities	<u>(7,149)</u>
Total Loans Receivable	<u>\$ 11,039</u>

**CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION  
EAST LIVERPOOL, OHIO**

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2010**

**NOTE 5 – Loan Receivable (continued)**

The following is a summary of principal due on loan receivable for each of the years following December 31, 2010:

2011	\$ 7,149
2012	4,057
2013	4,222
2014	2,760
	<u>\$ 18,188</u>

**NOTE 6 - CONTINGENT LIABILITIES**

Management believes there are no pending claims or lawsuits.

**NOTE 7 – Operating Expenses**

Operating expenses consisted of the following:

Accounting services	\$ 1,600
Other	<u>153</u>
Total operating expenses	<u>\$ 1,753</u>

**NOTE 8 - Subsequent Events**

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through April 20, 2011, the date on which the financial statements were available to be issued.



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**Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

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

I have audited the financial statements of City of East Liverpool Community Improvement Corporation as of and for the year ended December 31, 2010, and have issued my report thereon dated April 20, 2011. I conducted my audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City of East Liverpool Community Improvement Corporation's financial statements will not be prevented, or detected and corrected on a timely basis.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of East Liverpool Community Improvement Corporation's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted certain matters that I reported to management of City of East Liverpool Community Improvement Corporation in a separate letter dated April 20, 2011.

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

Kevin L. Penn, Inc.

April 20, 2011

**City of East Liverpool Community Improvement Corporation**  
Summary Schedule of Prior Audit Findings  
Year Ended December 31, 2010

There were no audit findings, during the 2009 fiscal year.

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# Dave Yost • Auditor of State

**EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION**

**COLUMBIANA COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 5, 2011**