

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

***AUDIT REPORT***

***FOR THE YEAR ENDED DECEMBER 31, 2011***





# Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the City of East Liverpool Community Improvement Corporation, Columbiana County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of East Liverpool Community Improvement Corporation is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

July 12, 2012

**This page intentionally left blank.**

**CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION  
COLUMBIANA COUNTY, OHIO  
Audit Report  
For the Year Ended December 31, 2011**

**TABLE OF CONTENTS**

<b><u>Title</u></b>	<b><u>Page</u></b>
<b>Report of Independent Accountants</b>	<b>1</b>
<b>Statement of Financial Position</b>	<b>2</b>
<b>Statement of Activities</b>	<b>3</b>
<b>Statement of Cash Flows</b>	<b>4</b>
<b>Notes to the Financial Statements</b>	<b>5 - 7</b>
<b>Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i></b>	<b>8 - 9</b>

**This page intentionally left blank.**

Rockefeller Building  
614 West Superior Avenue Suite 1242  
Cleveland, OH 44113-1306  
Office Phone - (216) 575-1630  
Fax - (216) 436-2411

*Charles E. Harris & Associates, Inc.*  
*Certified Public Accountants*

**REPORT OF INDEPENDENT ACCOUNTANTS**

City of East Liverpool Community Improvement Corporation  
Columbiana County  
126 East 6<sup>th</sup> Street  
East Liverpool, Ohio 43920

To the Trustees:

We have audited the accompanying financial statements of the City of East Liverpool Community Improvement Corporation, Columbiana County (the Corporation), as of and for the fiscal year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our 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, Columbiana County, Ohio, as of December 31, 2011, and the changes in net assets and revenues, expenditures and other changes and the cash flows for the year ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2012, on our consideration of the Corporations' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



*Charles E. Harris & Associates, Inc.*  
May 24, 2012

City of East Liverpool Community Improvement Corporation

Statement of Financial Position

December 31, 2011

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents (Note 1)	\$	19,955
Accounts Receivable		120
Current Maturities of Notes Receivable		12,323
<b>Total Current Assets</b>		<u>32,398</u>

**Property and Equipment:**

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

**Other Assets**

Loan Receivable		32,546
Less: Current Maturities of Notes Receivable		(12,323)
<b>Total Other Assets</b>		<u>20,223</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<u><b>90,031</b></u>

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Deferred Lease Revenue	\$	1,650
<b>Total Current Liabilities</b>		<u>1,650</u>

**Total Liabilities**

**Net Assets:**

Unrestricted		88,381
<b>Total Net Assets</b>		<u>88,381</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<u><b>90,031</b></u>

See accompanying Notes to the Financial Statements.



**City of East Liverpool Community Improvement Corporation**

**Statement of Activities**

**For the Year Ended December 31, 2011**

<b>Operating Revenue:</b>	
<b>Tenant Rental</b>	<b>\$ 840</b>
<b>Total Operating Revenue</b>	<b><u>840</u></b>
<b>Operating Expenses (Note 7)</b>	<b><u>1,808</u></b>
<b>Change in Net Assets Before Other Revenues and Deductions</b>	<b>(968)</b>
<b>Other Revenue:</b>	
<b>Interest Income</b>	<b>5,630</b>
<b>Miscellaneous</b>	<b>4,158</b>
<b>Total Other Revenue</b>	<b><u>9,788</u></b>
<b>Other Deductions:</b>	
<b>Contribution to the City of East Liverpool</b>	<b>120</b>
<b>Total Other Deductions</b>	<b><u>120</u></b>
<b>Change in Net Assets</b>	<b>8,700</b>
<b>Net Assets - Beginning of Year</b>	<b><u>79,681</u></b>
<b>Net Assets - End of Year</b>	<b><u>\$ 88,381</u></b>

**See accompanying Notes to the Financial Statements.**

**City of East Liverpool Community Improvement Corporation**

**Statement of Cash Flows**

**For the Year Ended December 31, 2011**

**Cash flows from operating activities:**

Cash Received from Customers	\$ (10,200)
Interest Received	5,630
Cash Paid to Suppliers & Employers	<u>(1,808)</u>
Net cash provided by operating activities	<u>(6,378)</u>

Net Increase (Decrease) in Cash and Cash Equivalent	(6,378)
Beginning of Period Cash	<u>26,333</u>
End of Period Cash	<u><u>\$ 19,955</u></u>

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

Increase (decrease) in net assets	\$ 8,700
-----------------------------------	----------

**Adjustments to reconcile change in net assets to net cash provided by operating activities:**

(Increase) decrease in accounts receivable	(120)
(Increase) decrease in notes receivable	(14,358)
Increase (decrease) in deferred revenue	<u>(600)</u>
Net cash provided by operating activities	<u><u>\$ (6,378)</u></u>

**See accompanying Notes to the Financial Statements.**

**CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION  
COLUMBIANA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. ORGANIZATION**

The 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 the City of East Liverpool Community Improvement Corporation 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.

**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.

**CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION  
COLUMBIANA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2011**

**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 used for Corporation operations. The Corporation currently manages three leases under this agreement.

**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 the terms of the lease the lessee is required to pay \$600 per year.**

**3. MINIMUM RENTS UNDER NON-CANCELABLE OPERATING LEASE**

Rents under non-cancelable operating leases are as follows:

2012	\$ 840
2013	840
2014	<u>600</u>
Total	<u>\$ 2,280</u>

**4. RISK MANAGEMENT**

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

- Comprehensive Property and General Liability
- Errors and omissions

**CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION  
COLUMBIANA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2011**

**5. LOANS RECEIVABLE**

Loan receivable consists of the following:

Loan receivable – Farnsworth Engineering Uncolateralized, 4% interest due in monthly installments of \$380.17 including interest with final payment due in 2016	\$18,155
Loan receivable – Thomas A. Wycoff Uncolateralized, 4% interest due in monthly installments of \$218.70 including interest with final payment due in 2014	9,078
Loan receivable – Tee Party, Inc. Uncolateralized, 4% interest due in monthly installments of \$157.57 including interest with final payment due in 2013	5,313
Less current maturities	<u>(12,323)</u>
Total Loans Receivable	<u>\$20,223</u>

**6. CONTINGENT LIABILITES**

Management believes there are no pending claims or lawsuits.

**7. OPERATING EXPENSES**

Operating expenses consisted of the following:

Accounting services	\$ 1,600
Other	<u>208</u>
Total operating expenses	<u>\$ 1,808</u>

**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 are issued or are available to be issued. Management has evaluated subsequent events through May 24, 2012, the date on which the financial statements were available to be issued.

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

---

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

City of East Liverpool Community Improvement Corporation  
Columbiana County  
126 East 6<sup>th</sup> Street  
East Liverpool, Ohio 43920

To the Board of Trustees:

We have audited the financial statements of the City of East Liverpool Community Improvement Corporation (the Corporation), Columbiana County, Ohio, as of and for the year ended December 31, 2011, and have issued our report thereon dated May 24, 2012. We conducted our 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 Controls Over Financial Reporting**

In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statement, but not for the purpose of opining on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the 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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented or detected and timely corrected.

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

## Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

However, we noted certain matters that we have reported to management of the Corporation in a separate letter dated May 24, 2012.

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

*Charles E. Harris Associates*

*Charles E. Harris and Associates, Inc.*

May 24, 2012

**This page intentionally left blank.**





# Dave Yost • Auditor of State

**CITY OF EAST LIVERPOOL COMMUNITY IMPROVEMENT CORPORATION**

**COLUMBIANA COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 26, 2012**