

CASTLO COMMUNITY IMPROVEMENT CORPORATION  
REPORT ON EXAMINATION OF FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2000 AND 1999





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

JIM PETRO, AUDITOR OF STATE

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Board of Trustees  
CASTLO Community Improvement Corporation  
100 South Bridge Street  
Struthers, Ohio 44471

We have reviewed the Independent Auditor's Report of the CASTLO Community Improvement Corporation, Mahoning County, prepared by William D. Leicht & Associates, for the audit period January 1, 2000 through 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 CASTLO Community Improvement Corporation is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

March 13, 2002

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**WILLIAM D. LEICHT, CPA  
725 BORADMAN CANFIELD RD M-2  
YOUNGSTOWN, OHIO 44512  
330-758-8395  
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April 19, 2001

Board of Trustees  
CASTLO Community Improvement Corporation  
Struthers, Ohio

**Independent Auditor's Report**

We have audited the accompanying statement of financial position of CASTLO Community Improvement Corporation (a not for profit organization) as of December 31, 2000 and 1999 and the related statements of revenue and expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CASTLO Community Improvement Corporation as of December 31, 2000 and 1999 and its changes in net assets and its cash flows during the years then ended 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 April 19, 2001 on our consideration of the CASTLO Community Improvement Corporations internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

William D. Leicht, CPA

CASTLO COMMUNITY IMPROVEMENT CORPORATION

YEARS ENDED DECEMBER 31,

STATEMENT OF FINANCIAL POSITION

ASSETS

	<u>2000</u>	<u>1999</u>
CURRENT ASSETS		
Operating cash	\$ 335,650	\$ 287,576
Tenant security deposits	<u>50,096</u>	<u>31,307</u>
Total current assets	385,746	318,883
PROPERTY AND EQUIPMENT		
Land	371,000	371,000
Land improvements	1,643,267	1,643,267
Building	392,732	359,760
Building improvements	4,447,341	4,456,434
Railway improvements	157,608	157,608
Furniture, fixtures and equipment	13,432	13,432
Machinery and equipment	99,492	86,828
Vehicles	<u>57,347</u>	<u>57,347</u>
	7,182,219	7,145,676
Less accumulated depreciation	<u>3,955,450</u>	<u>3,688,392</u>
	3,226,769	3,457,284
Total Assets	<u>\$3,612,515</u>	<u>\$3,776,167</u>

See accompanying notes to financial statements.

LIABILITIES & NET ASSETS

	<u>2000</u>	<u>1999</u>
CURRENT LIABILITIES		
Payroll taxes payable	\$ 1,046	\$ 958
Tenant security deposits	50,096	31,307
Current portion of long-term debt (Note G)	<u>33,040</u>	<u>30,513</u>
Total current liabilities	84,182	62,778
LONG-TERM DEBT (Note G)	-0-	46,200
Net assets	<u>3,528,333</u>	<u>3,667,189</u>
Total Liabilities & Net Assets	<u>\$3,612,515</u>	<u>\$3,776,167</u>

CASTLO COMMUNITY IMPROVEMENT CORPORATION

STATEMENT OF REVENUE AND EXPENSES AND  
CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31,

	<u>2000</u>	<u>1999</u>
OPERATING REVENUE		
Tenant rental (Note D)	\$ 439,619	\$ 443,880
Scrap sales	163	949
Site maintenance	<u>2,181</u>	<u>9,800</u>
Total operating revenue	441,963	454,629
OPERATING EXPENSES	<u>342,308</u>	<u>331,246</u>
EXCESS REVENUE OVER EXPENSES	99,655	123,383
OTHER REVENUE		
Interest income	16,940	13,409
Sale of asset	500	--
Grant	--	25,000
Miscellaneous	<u>15,245</u>	<u>3,724</u>
Total other revenue	<u>32,685</u>	<u>42,133</u>
OTHER DEDUCTIONS		
Interest expense	3,638	22,067
Depreciation	<u>267,558</u>	<u>269,744</u>
Total other deductions	271,196	291,811
EXCESS EXPENSES PAID OVER REVENUE	(138,856)	(126,295)
NET ASSETS - BEGINNING OF YEAR	<u>3,667,189</u>	<u>3,793,484</u>
NET ASSETS - END OF YEAR	<u>\$3,528,333</u>	<u>\$3,667,189</u>

See accompanying notes to financial statements.



CASTLO COMMUNITY IMPROVEMENT CORPORATION

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31,

	<u>2000</u>	<u>1999</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$457,708	\$483,353
Interest received	16,940	13,409
Cash paid to suppliers & employees	(320,905)	(367,965)
Interest paid	(3,638)	(22,067)
Net cash provided from operating activities	150,105	106,730
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(37,042)	(68,819)
(Increase) / Decrease in security deposits	(18,789)	1,883
Net cash (used in) investing activities	(55,831)	(66,936)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payment of long-term debt	(46,200)	(16,452)
Net cash (used in) financing activities	(46,200)	(16,452)
INCREASE IN CASH	48,074	23,342
CASH - BEGINNING OF YEAR	287,576	264,234
CASH – END OF YEAR	\$335,650	\$287,576
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED FROM OPERATING ACTIVITIES</b>		
	<u>2000</u>	<u>1999</u>
Change in net assets	(\$138,856)	(\$126,295)
<b>ADJUSTMENT TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED FROM OPERATING ACTIVITIES</b>		
Depreciation	267,557	269,744
Increase (decrease) in accounts payable	21,404	(36,719)
Total Adjustments	288,961	233,025
Net cash provided from operating activities	\$150,105	\$106,730

See accompanying notes to financial statements.

CASTLO COMMUNITY IMPROVEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE A - Summary of Significant Accounting Policies

1. Description of the Entity - CASTLO Community Improvement Corporation (CASTLO) was created April 5, 1978 by its three charter members: City of Campbell, Village of Lowellville and City of Struthers, as a non-designated Community Improvement Corporation under the laws of the State of Ohio.
2. The purpose of CASTLO is to advance, encourage and promote the industrial, economic, commercial and civic development of Campbell, Lowellville, Struthers, Coitsville and Poland, Ohio areas.
3. Cash equivalents - The company considers highly liquid debt instruments with maturity dates of three months or less to be cash equivalents.
4. Property and Equipment - Property and equipment are stated at cost. Depreciation is computed on the straight-line method.
5. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
6. Reclassifications - Certain reclassifications have been made in the 1999 financial statements to conform to the classifications used in the 2000 financial statements.

CASTLO COMMUNITY IMPROVEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE B – Related Party Transactions

One person who is a member of the Board of Trustees and an officer of the Corporation is also legal counsel to the Corporation. Legal fees paid to this Board Member's Law firm amounted to \$1,647 and \$1,744 in 2000 and 1999, respectively.

NOTE C – Leases where Company is Lessor

CASTLO leases commercial real estate space in Struthers, Ohio. Leases are granted for month to month, yearly and long-term occupancy. All leases are considered to be operating leases. The following is a schedule by years of minimum future rentals on noncancelable operating leases as of December 31,.

	<u>2000</u>	<u>1999</u>
Years ending		
December 31, 2000	--	382,168
December 31, 2001	422,600	422,600
Later years	<u>471,546</u>	<u>471,546</u>
Total minimum future rentals	<u>\$894,146</u>	<u>\$1,276,314</u>

NOTE D – Segment of Business Information

The Corporation has leases with three tenants which account for \$280,300 and \$255,886 of rental for the years ended December 31, 2000 and 1999, respectively. These leases will account for \$584,200 of rental income for the years ended December 31, 2000 through December 31, 2002.

NOTE E – Concentration of Credit Risk

The Company maintains cash balances and certificates of deposits at two financial institutions, located in Youngstown, Ohio. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$100,000. Uninsured balances aggregate to \$185,746 and \$218,799 at December 31, 2000 and 1999, respectively.

CASTLO COMMUNITY IMPROVEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE F – Federal Income Tax

CASTLO has received a determination letter from the Internal Revenue Service stating that it is a qualified community improvement Corporation under existing regulation Section 501 ( C ) ( 4). Accordingly, CASTLO is exempt from income and other taxes.

NOTE G – Long-Term Debt

	<u>2000</u>	<u>1999</u>
Long-term debt consists of the following:		
Note payable – Key Bank- collateralized by office building, variable interest, due in monthly principal installments of \$472.22 plus interest with a balloon payment due in 2001	\$33,040	\$38,234
Note payable – Mahoning Valley Industrial Loan Fund – collateralized by real estate due at 7% interest in monthly installments of \$1,704.90 to 2000	--	12,583
Note payable – Struthers City Revolving Loan Fund – collateralized by real estate due at 5% interest with monthly installments of \$805.25 to 2000	--	6,072
Note payable – Second National Bank of Warren Collateralized by real estate and assignment of rents and leases due at 9.25% interest with monthly installments of \$2,605 plus interest to 2000	--	<u>19,824</u>
	<u>33,040</u>	<u>76,713</u>
Less current maturities	<u>33,040</u>	<u>30,513</u>
Total Long-Term Debt	<u>\$ -0-</u>	<u>\$46,200</u>

Following is a summary of principal due on long term debt for each of the years

following December 31, 2000:	2000	\$ --	\$ 30,513
	2001	33,040	46,200

CASTLO COMMUNITY IMPROVEMENT CORPORATION

STATEMENT OF OPERATING EXPENSES

YEARS ENDED DECEMBER 31,

	<u>2000</u>	<u>1999</u>
Office salaries	\$142,278	\$133,766
Payroll taxes	11,950	11,620
Hospitalization	26,531	23,601
Utilities	17,953	17,449
Professional fees	8,922	8,669
Insurance	14,243	14,264
Office expense and supplies	36,819	15,106
Advertising	2,980	3,900
Repairs and maintenance	43,234	59,154
Pension	7,093	5,829
Real estate taxes	23,157	26,581
Auto and truck expense	1,678	4,801
Travel and meetings	2,863	3,481
Postage and freight	1,748	2,330
Equipment rental	428	317
Miscellaneous	<u>431</u>	<u>378</u>
 Total operating expenses	 <u>\$342,308</u>	 <u>\$331,246</u>

See accompanying notes to financial statements

**WILLIAM D. LEICHT, CPA  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE OF INTERNAL CONTROL  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Board of Trustees  
CASTLO Community Improvement Corporation  
Struthers, Ohio

We have audited the accompanying financial statements of CASTLO Community Improvement Corporation as of the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 19, 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.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered CASTLO Community Improvement Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

William D. Leicht, CPA



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**CASTLO COMMUNITY IMPROVEMENT CORPORATION**

**MAHONING 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  
MARCH 21, 2002**