



**COMMUNITY IMPROVEMENT CORPORATION OF
OTTAWA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**COMMUNITY IMPROVEMENT CORPORATION OF
OTTAWA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Community Improvement Corporation
of Ottawa County
315 Madison Street
Port Clinton, Ohio 43452-1944

To the Board of Trustees:

We have audited the accompanying statement of the financial position of the Community Improvement Corporation of Ottawa County (the Corporation) as of December 31, 2000, and the related statements of activities and cash flows for the year then ended. 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 *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 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 Community Improvement Corporation of Ottawa County as of December 31, 2000, and the changes in its net assets and its cash flows 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 have also issued our report dated December 4, 2001, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the financial statements of the Corporation, taken as a whole. The accompanying Schedule of Expenses is presented for additional analysis and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Community Improvement Corporation
of Ottawa County
Report of Independent Accountants
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This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 4, 2001

**COMMUNITY IMPROVEMENT CORPORATION OF
OTTAWA COUNTY**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2000**

ASSETS AND OTHER DEBITS

Current Assets:

Cash	\$337,511
Accounts Receivable	139
Current maturities of notes receivable	<u>23,976</u>

Total Current Assets 361,626

Other Assets:

Notes Receivable	79,298
Deposit with Industrial Commission	<u>34</u>

Total Other Assets 79,332

Furniture and Equipment:

Less: Accumulated depreciation	<u>32,118</u> <u>(10,992)</u>
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Total Furniture and Equipment 21,126

Total Assets **\$462,084**

LIABILITIES AND UNRESTRICTED NET ASSETS

Current Liabilities:

Accounts payable	\$5,436
Accrued payroll taxes	813
Payable to Ottawa County Commissioners	<u>25,500</u>

Total Current Liabilities 31,749

Unrestricted Net Assets 430,335

Total Liabilities **\$462,084**

The notes to the financial statements are an integral part of this statement.

**COMMUNITY IMPROVEMENT CORPORATION OF
OTTAWA COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2000**

UNRESTRICTED NET ASSETS:

Support

Conveyance fees	\$172,518
JFS Consulting	15,937
Interest income	17,076
Dinner revenues	2,893
Experience Ottawa County	<u>8,375</u>

Total Support 216,799

EXPENSES:

Salaries and benefits	103,679
Office expenses	38,016
Marketing expenses	31,105
CIC meeting expenses	2,166
Business awards	
R & E projects	7,517
School to work	
Workforce Development	<u>2,194</u>

Total Expenses 184,677

Increase in Unrestricted Net Assets 32,122

Unrestricted Net Assets, Beginning of Year 398,213

Unrestricted Net Assets, End of Year \$430,335

The notes to the financial statements are an integral part of this statement.

**COMMUNITY IMPROVEMENT CORPORATION OF
OTTAWA COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2000**

CASH FLOW FROM OPERATING ACTIVITIES:	
Increase in net assets	\$32,122
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation	4,704
(Increase) decrease in:	
Accounts receivable	(14)
Increase (decrease) in:	
Accounts payable	3,200
Accrued expenses	<u>502</u>
Net Cash Provided by Operating Activities	<u>40,514</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(20,442)
Collection of notes receivable	<u>25,089</u>
Net Cash Provided by Investing Activities	<u>4,647</u>
Net Increase in Cash	45,161
Cash, Beginning of Year	<u>292,350</u>
Cash, End of Year	<u><u>\$337,511</u></u>

The notes to the financial statements are an integral part of this statement.

**COMMUNITY IMPROVEMENT CORPORATION OF
OTTAWA COUNTY**

**SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2000**

SALARIES AND BENEFITS

Salary - director	\$50,000
Salary - administrative assistants	24,912
Salary - workforce director	20,269
Payroll taxes	8,498
	<hr/>

Total Salaries and Benefits

\$103,679

OFFICE EXPENSES

Office supplies and expense	\$10,674
Legal and accounting fees	7,186
Membership/meetings/conferences	6,359
Communications	6,235
Depreciation expense	4,704
Travel/lodging/meals	2,832
Continuing education	26
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Total Office Expenses

\$38,016

MARKETING EXPENSES

Experience Ottawa County	\$11,082
Advertising	10,666
Awards dinner	7,928
Web page	769
Business lunches	660
	<hr/>

Total Marketing Expenses

\$31,105

The notes to the financial statements are an integral part of this statement.

**COMMUNITY IMPROVEMENT CORPORATION
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Community Improvement Corporation of Ottawa County is an Ohio nonprofit corporation chartered in 1966. Its purpose is to advance, encourage, and promote the industrial, economic, commercial, and research development of Ottawa County. Its primary source of funding has been from public and private contributions.

Beginning in 1993 the Community Improvement Corporation expanded its operations. Its primary source of funding now comes from conveyance fees collected by Ottawa County on real estate transfers.

B. Income Tax Status

The Community Improvement Corporation is exempt from Federal income tax as an organization described in Section 501(c)6 of the Internal Revenue Code. The Community Improvement Corporation is also exempt from State of Ohio income tax as described in Chapter 1702 of the Ohio Revised Code.

C. Statement of Cash Flows

The Community Improvement Corporation considers all short-term investments with an original maturity of three months or less to be cash equivalents.

D. Property and Equipment

Property and equipment is recorded at cost. Depreciation is computed on a straight line basis over estimated useful lives of 5 to 7 years. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized.

E. 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.

F. Cash

At various times during the year the Corporation's cash balance in the bank exceeded the Federally insured limits. As of December 31, 2001, the Corporation's uninsured cash balance totaled \$243,047.

G. Method of Accounting

The financial statements of the Corporation have been prepared utilizing the accrual basis of accounting.

**COMMUNITY IMPROVEMENT CORPORATION
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

H. Financial Statement Presentation

The Corporation follows Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements, of Not-For-Profit Organizations. Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Corporation is required to present a statement of cash flows.

2. NOTES RECEIVABLE

The Community Improvement Corporation has loans outstanding for the start up of new businesses in the County. As of December 31, 2000, the following loans were outstanding.

Lakecraft Inc. - secured by equipment dated March 13, 1998 payable in 48 monthly installments of \$697.70 including interest at 5 ½ %	\$10,091
Arthur Lane Properties, LLC dated June 26, 1998 interest payable in 36 monthly installments of \$131.25 at 5 ½ %, principal due June 26, 2001	30,000
Northern Manufacturing Co., Inc. secured by equipment dated September 17, 1999 payable in 60 monthly installments of \$1,415.35 including interest at 5%	61,459
Martin Industries, Inc. - secured by equipment; dated May 13, 1996; payable in 60 monthly installments of \$350.09 including interest at 6 1/4%	<u>1,724</u>
Total Notes Receivable	103,274
Less: Current Maturities	<u>(23,976)</u>
Long-Term Notes Receivable	<u><u>\$79,298</u></u>

3. PAYABLE TO OTTAWA COUNTY COMMISSIONERS

The Community Improvement Corporation entered into an informal agreement with the Ottawa County Commissioners for administering the development of the Ottawa County Industrial Park. Eighty-five percent of the proceeds from the sales of lots in the park shall be paid to the Commissioners with fifteen percent of the proceeds retained as a commission.

4. SUBSEQUENT EVENTS

On May 8, 2001, the Corporation issued a revolving loan to Northern Manufacturing for \$50,000 at 4.5% for 5 years.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Community Improvement Corporation
of Ottawa County
315 Madison Street
Port Clinton, Ohio 43452-1944

To the Board of Trustees:

We have audited the financial statements of the Community Improvement Corporation of Ottawa County (the Corporation) as of and for the year ended December 31, 2000, and have issued our report thereon dated December 4, 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 part of obtaining reasonable assurance about whether the Corporation's 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Corporation in a separate letter dated December 4, 2001.

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

Jim Petro
Auditor of State

December 4, 2001



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COMMUNITY IMPROVEMENT CORPORATION OF OTTAWA COUNTY

OTTAWA 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
DECEMBER 27, 2001**