

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA

AUDIT REPORT

FOR THE PERIOD ENDED DECEMBER 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Community Improvement Corporation of Geneva
44 North Forest St.
Geneva, Ohio 44041

We have reviewed the Independent Auditor's Report of the Community Improvement Corporation of Geneva, Ashtabula County, prepared by James G. Zupka, CPA, Inc., 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 Community Improvement Corporation of Geneva is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

March 15, 2002

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COMMUNITY IMPROVEMENT CORPORATION OF GENEVA
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2000

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Community Improvement Corporation of Geneva

We have audited the accompanying statement of financial position of Community Improvement Corporation of Geneva (CIC) (a nonprofit corporation and component unit of the City of Geneva) 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 Community Improvement Corporation of Geneva'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 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 Community Improvement Corporation of Geneva as of December 31, 2000, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2001 on our consideration of the Community Improvement Corporation of Geneva's internal control over financial reporting and on 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.

November 30, 2001

James G. Zupka
Certified Public Accountant

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA
BALANCE SHEET
DECEMBER 31, 2000

ASSETS

Cash and Cash Equivalents	\$ 29,564
Cash in Segregated Accounts	11,239
Investments	2,783
Receivables (Net of Allowances for Uncollectibles):	
Loans	22,000
Due from Other Governments	6,666
Property, Plant and Equipment (Net of Accumulated Depreciation where Applicable)	95,000
Total Assets	\$ 167,252

LIABILITIES AND EQUITY

Liabilities

Due to Other Governments	\$ 95,000
Total Liabilities	95,000

Equity

Retained Earnings - Unreserved	72,252
Total Equity	72,252

Total Liabilities and Equity	\$ 167,252
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The notes to the general purpose financial statements are an integral part of these statements.

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA
STATEMENT OF REVENUES AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2000

	Enterprise Funds	Totals (Memorandum Only) Reporting Entity
<u>REVENUES</u>		
Contributions	\$ 32,145	\$ 32,145
Sale of Donated Property	20,000	20,000
Intergovernmental	10,000	10,000
Investment Income	612	612
Total Revenues	62,757	62,757
<u>EXPENSES</u>		
Economic Development	19,602	19,602
Total Expenses	19,602	19,602
Total Operating Income	43,155	43,155
<u>NON-OPERATING REVENUES (USES)</u>		
Loss on Sale of Fixed Assets	(3,653)	(3,653)
Total Non-Operating Revenues (Uses)	(3,653)	(3,653)
Net Income	39,502	39,502
Retained Earnings at January 1	32,750	32,750
Retained Earnings at December 31	\$ 72,252	\$ 72,252

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

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Enterprise Fund</u>
<u>Cash Flows from Operating Activities</u>	
Cash Received from Contributions	\$ 32,145
Cash Received from Sale of Property	142,700
Cash Received from Grants	3,333
Cash Received from Other Sources	1,617
Cash Payments for Operating Expenses	(18,140)
Cash Payments for Land Purchase	(126,353)
Cash Payments for Other Expenses	(1,466)
Net Cash Provided by Operating Activities	<u>33,836</u>
 <u>Cash Flows from Investing Activities</u>	
Short-Term Investments, Net	(110)
Net Cash Used by Investing Activities	<u>(110)</u>
Net Increase in Cash and Cash Equivalents	<u>33,726</u>
Cash and Cash Equivalents at Beginning of Period	<u>7,077</u>
 CASH AND CASH EQUIVALENTS AT END OF PERIOD	 <u><u>\$ 40,803</u></u>
 <u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities</u>	
Operating Income	\$ 43,155
Loss on Sale of Fixed Assets	(3,653)
Change in Assets and Liabilities:	
(Increase) Decrease in:	
Note Receivable	1,000
Intergovernmental Receivable	(6,666)
Net Cash Provided by Operating Activities	<u><u>\$ 33,836</u></u>

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

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 1: **ORGANIZATION**

The Community Improvement Corporation of Geneva (CIC) was incorporated in July 1997 by the City of Geneva under Sections 1724.01 et seq. of the Ohio Revised Code. The CIC is a separate body politic having power to act as an individual entity to carry out powers given to it under State statute.

The CIC was created to advance, encourage, and promote the industrial, economic, commercial, and civic development of Geneva and the territory surrounding Geneva in whatever way and by such means as will improve the normal growth, employment, opportunities, and stability of employment in existing industries.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of CIC.

Basis of Accounting

The financial statements of CIC have been prepared on the accrual basis of accounting where revenues are recorded as earned and expenses are recognized when they are incurred.

Property

Property, facilities, and equipment are stated at cost. Donated property is capitalized at estimated fair value at the donated date. Land valued at \$95,000 at December 31, 2000 was purchased from the City of Geneva.

Contributions

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions.

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.

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2000
 (CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Tax Status

The CIC has qualified for a tax exemption under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for federal income tax has been recorded in the accompanying financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, CIC considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE 3: **NOTE RECEIVABLE**

The CIC entered into a lease purchase agreement for land contributed by the City of Geneva. The lease is being treated as a sale of land based on the terms of the agreement. The agreement calls for payments of \$1,000 per year beginning in 1998 and ending October 31, 2002. These payments will be credited toward the \$25,000 purchase price. The lessee is to purchase the property at the end of the lease term but may purchase before that time. The purchase price may be further reduced by credits of \$2,000 for each employee meeting certain requirements, up to a maximum of \$10,000 and another credit of up to \$7,000 if the purchaser obtains a covenant not-to-sue from the USEPA. It is not possible to estimate the cash that will be collected, and therefore no allowance for the uncollectible portion has been developed.

NOTE 4: **DONATIONS**

The CIC received donations in the amount of \$10,395 in 2000. These donations are to be used for the Ohio Bicentennial Tree Planting Initiative and have been recorded as restricted.

NOTE 5: **CASH AND INVESTMENTS**

At December 31, 2000, cash and investments consisted of the following:

	2000
	<u>Balance</u>
Cash and Cash Equivalents	\$ 29,564
Cash - Restricted	11,239
Short-Term Investments	2,783
	<u><u>\$ 43,586</u></u>

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(CONTINUED)

NOTE 5: **CASH AND INVESTMENTS** (Continued)

At year end, the carrying amount of CIC's deposits was \$43,586 for the year ended December 31, 2000 and the bank balance was \$43,909 for the year ended December 31, 2000. The full amount of the bank balance was covered by Federal Depository Insurance.

NOTE 6: **SUMMARY OF GRANT FUNDING**

The CIC was awarded a \$10,000 Child Care Facilities Planning Grant from the Ohio Community Development Finance Fund. A total of \$3,334 was received in 2000 for this grant.

NOTE 7: **DUE FROM OTHER GOVERNMENTS**

The CIC received \$3,334 of a \$10,000 Child Care Facilities Planing Grant. Therefore, \$6,666 has been designated as a Due from Other Governments.

NOTE 8: **RELATED PARTIES**

Four of the nine trustees serving the CIC are elected or appointed officials of the City of Geneva as mandated by the Ohio Revised Code and are the following:

1. City Manager
2. Chair, City Council Planning and Economic Development Committee
3. Chair, Planning Commission
4. One other elected or appointed official, nominated by the City Council President, and confirmed by a majority vote of Council.

NOTE 9: **PROPERTY SALES**

The CIC received a donation of real estate from Thomas R. Swiler. The donated property was sold within the current period, and therefore the donation was reported as sale of donated property.

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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**

To the Board of Trustees of
Community Improvement Corporation of Geneva

We have audited the financial statements of the Community Improvement Corporation of Geneva as of and for the year ended December 31, 2000 and have issued our report thereon dated November 30, 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 Community Improvement Corporation of Geneva'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 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 Community Improvement Corporation of Geneva'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.

We noted other matters involving the internal control over financial reporting that we have reported to the management of the Community Improvement Corporation of Geneva.

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

November 30, 2001

James G. Zupka
Certified Public Accountant



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COMMUNITY IMPROVEMENT CORPORATION OF GENEVA

ASHTABULA 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 26, 2002**