

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA

AUDIT REPORT

FOR THE PERIOD ENDED DECEMBER 31, 2005



**Auditor of State
Betty Montgomery**

Board of Trustees
Community Improvement Corporation of Geneva
44 North Forest Street
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, 2005 through December 31, 2005. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

September 7, 2006

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**COMMUNITY IMPROVEMENT CORPORATION OF GENEVA
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005**

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Certified Public Accountants

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Community Improvement Corporation of Geneva

We have audited the accompanying statement of financial position of the Community Improvement Corporation of Geneva (CIC) (a nonprofit corporation and component unit of the City of Geneva) as of December 31, 2005, and the related statement 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, 2005, 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 July 6, 2006 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 grant agreements and other matters. The purpose of that report is to describe the scope of our 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 results of our audit.

James G. Zupka, CPA, Inc.
Certified Public Accountants

July 6, 2006

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2005

Assets

Cash and Cash Equivalents	\$ 63,383
Cash Held as Fiscal Agent	38,855
Capital Assets and Property Held for Sale or Development	408,231
Accumulated Depreciation	<u>(1,402)</u>
Total Assets	<u>509,067</u>

Liabilities and Equity

Liabilities

Due to Other Governments	48,184
Funds Held as Fiscal Agent	<u>38,855</u>
Total Liabilities	<u>87,039</u>

Net Assets

Unrestricted	<u>422,028</u>
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Total Liabilities and Net Assets	<u>\$ 509,067</u>
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The accompanying notes are an integral part of the financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF GENEVA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

Unrestricted Net Assets

Support

Contributions	\$ 10,450
Charitable Trust Grant	3,000
Investment Income	159
Other	<u>1,170</u>
Total Support	<u>14,779</u>

Expenses

Economic Development	16,070
Accounting and Auditing	2,160
Depreciation Expense	<u>1,402</u>
Total Expenses	<u>19,632</u>
Change in Net Assets	(4,853)

Net Assets at January 1 426,881

Net Assets at December 31 \$ 422,028

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, 2005**

Cash Flows from Operating Activities

Cash from Contributions	\$ 10,450
Cash from Grants	3,000
Cash from Other Sources	23,231
Cash Paid for Other Operating Expenses	<u>(20,816)</u>
Net Cash Provided by Operating Activities	<u>15,865</u>

Cash from Capital and Financing Activities

Acquisition of Capital Assets	<u>(27,330)</u>
Net Cash (Used) by Capital and Financing Activities	<u>(27,330)</u>

Cash from Investing

Investment Income	<u>159</u>
Net Cash Provided by Investing	<u>159</u>
Net Change in Cash	(11,306)

Cash and Cash Equivalents at Beginning of Period	<u>113,544</u>
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Cash and Cash Equivalents at End of Period	<u>\$ 102,238</u>
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Reconciliation of Total Loss to Net Cash Used by Operating Activities

Change in Net Assets	\$ (4,853)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	1,402
Interest Income	(159)
Increase (Decrease) in:	
Accounts Receivable	5,661
Accounts Payable	(2,817)
Due to Other Governments	230
Funds Held as Fiscal Agent	<u>16,401</u>

Net Cash Used by Operating Activities	<u>\$ 15,865</u>
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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, 2005**

NOTE 1: **ORGANIZATION**

The Community Improvement Corporation of Geneva (CIC) was incorporated in July 1997 by the City of Geneva (“the City”) 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 is a legally separate, non-profit organization, served by a sixteen-member board composed of City officials and community representatives.

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. The CIC is empowered with the ability to carry out the actions it considers necessary to achieve its mission.

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 principles generally accepted in the United States of America (GAAP) as applied to not-for-profit organizations. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for not-for-profit organizations.

Due to the nature and significance of the CIC’s relationship to the City, the CIC is presented as a component unit of the City.

Basis of Presentation

The CIC’s financial statements consist a statement of financial position, a statement of activities, and a statement of cash flows.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the CIC 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. Currently, the CIC has only unrestricted net assets.

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Revenue Recognition

Contributions received are recorded as unrestricted support unless there are any donor-imposed restrictions. As of December 31, 2005, the CIC had no restricted contributions.

Capital Assets and Property Held for Sale or Development

All capital assets and other property are stated at cost. Donated property is capitalized at estimated fair value at the date of donation. Property valued at \$380,901 at December 31, 2005 was donated by the City of Geneva and outside donors.

During 2005, the CIC acquired capital assets totaling \$27,330. The CIC disposed of no capital assets in 2005. In 2005, the CIC depreciated capital assets other than land using the straight line method based on the estimated useful life of the asset.

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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure 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.

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, the CIC considers all unrestricted highly liquid investments to be cash equivalents.

**COMMUNITY IMPROVEMENT CORPORATION OF GENEVA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(CONTINUED)**

NOTE 3: CASH AND INVESTMENTS

At December 31, 2005, cash and investments consisted of the following:

	2005 Balance
Cash and Cash Equivalents	\$ 63,383
Cash Held as Fiscal Agent	38,855
	\$ 102,238

At year end, the carrying amount of CIC's deposits was \$102,238 and the bank balance was \$102,340. \$102,340 of the bank balance was covered by Federal Depository Insurance.

NOTE 4: SUMMARY OF GRANT FUNDING

The CIC was awarded \$3,000 in grants from the Albert M. Ford Charitable Trust in 2005. The entire amount of the 2005 award was received in 2005.

NOTE 5: RELATED PARTIES

Five of the sixteen trustees serving the CIC are elected or appointed officials of the City of Geneva as mandated by the Ohio Revised Code with only the City Manager being specified.

NOTE 6: CAPITAL ASSETS

Depreciation is calculated using the straight line method with lives varying from 5 to 10 years. The depreciation expense for the year ended December 2005 was \$1,402.

	Balance 12/31/2004	Increases	Decreases	Balance 12/31/2005
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 380,901	\$ 0	\$ 0	\$ 380,901
Total Capital Assets Not Being Depreciated	380,901	0	0	380,901
<i>Capital Assets Being Depreciated</i>				
Furniture, Equipment, and Machinery	0	27,330	0	27,330
Total Capital Assets Being Depreciated	0	27,330	0	27,330
Accumulated Depreciation	0	(1,402)	0	(1,402)
Total Capital Assets, Net	\$ 380,901	\$ 25,928	\$ 0	\$ 406,829

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees of the
Community Improvement Corporation of Geneva

We have audited the financial statements of the Community Improvement Corporation of Geneva (a nonprofit organization) as of and for the year ended December 31, 2005 and have issued our report thereon dated July 6, 2006. 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.

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 an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

Compliance and Other Matters

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, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the Community Improvement Corporation of Geneva in a separate letter dated July 6, 2006.

This report is intended solely for the information and use of the management, the Board of Trustees of the Community Improvement Corporation of Geneva, 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.

James G. Zupka, CPA, Inc.
Certified Public Accountants

July 6, 2006

**COMMUNITY IMPROVEMENT CORPORATION OF GENEVA
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
DECEMBER 31, 2005**

The prior audit report, as of December 31, 2004, contained management recommendations. These recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.



**Auditor of State
Betty Montgomery**

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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
SEPTEMBER 21, 2006**