

**COMMUNITY IMPROVEMENT CORPORATION OF GENEVA**

**AUDIT REPORT**

**FOR THE PERIOD ENDED DECEMBER 31, 2001**





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees  
Community Improvement Corporation of Geneva

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, 2001 through December 31, 2001. 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 black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

July 29, 2002

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COMMUNITY IMPROVEMENT CORPORATION OF GENEVA  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2001

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

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*Garfield Hts., Ohio 44125*

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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, 2001, 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, 2001, 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 June 13, 2002 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.

June 13, 2002

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James G. Zupka  
Certified Public Accountant

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA  
BALANCE SHEET  
DECEMBER 31, 2001

**ASSETS**

Cash and Cash Equivalents	\$ 30,097
Cash in Segregated Accounts	23,034
Cash on Hand	5,000
Receivables (Net of Allowances for Uncollectibles):	
Loans	21,000
Property, Plant and Equipment (Net of Accumulated Depreciation where Applicable)	498,229
	_____
<b>Total Assets</b>	<b>\$ 577,360</b>
	=====

**LIABILITIES AND EQUITY**

**Liabilities**

Due to Other Governments	\$ 95,000
	_____
<b>Total Liabilities</b>	<b>95,000</b>
	_____

**Equity**

Retained Earnings - Unreserved	482,360
	_____
<b>Total Equity</b>	<b>482,360</b>
	_____

<b>Total Liabilities and Equity</b>	<b>\$ 577,360</b>
	=====

The notes to the general purpose financial statements are an integral part of these statements.



COMMUNITY IMPROVEMENT CORPORATION OF GENEVA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 2001

	Enterprise Funds	Totals (Memorandum Only) Reporting Entity
<b><u>REVENUES</u></b>		
Contributions	\$ 12,260	\$ 12,260
Sale of Donated Property	1,972	1,972
Investment Income	767	767
Miscellaneous Revenue	12,342	12,342
<b>Total Revenues</b>	27,341	27,341
<b><u>EXPENSES</u></b>		
Economic Development	52,164	52,164
<b>Total Expenses</b>	52,164	52,164
<b>Total Operating Income (Loss)</b>	(24,823)	(24,823)
<b><u>NON-OPERATING REVENUES (USES)</u></b>		
Contributions from Donated Land	429,728	429,728
Loss on Sale of Fixed Assets	(2,397)	(2,397)
<b>Total Non-Operating Revenues (Uses)</b>	427,331	427,331
<b>Net Income</b>	402,508	402,508
Retained Earnings at January 1, Restated	79,852	79,852
<b>Retained Earnings at December 31</b>	\$ 482,360	\$ 482,360

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, 2001

	<u>Enterprise Fund</u>
<b><u>Cash Flows from Operating Activities</u></b>	
Cash Received from Contributions	\$ 12,260
Cash Received from Grants	6,666
Cash Received from Other Sources	14,314
Cash Payments for Operating Expenses	(11,737)
Cash Payments for Land Purchase	(18,194)
Cash Payments for Other Expenses	(22,863)
<b>Net Cash Provided by Operating Activities</b>	<u>(19,554)</u>
 <b><u>Cash Flows from Investing Activities</u></b>	
Short-Term Investments, Net	2,783
<b>Net Cash Provided by Investing Activities</b>	<u>2,783</u>
 <b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Cash Received from Sale of Land	34,099
<b>Net Cash from Capital and Related Financing Activities</b>	<u>34,099</u>
Net Increase in Cash and Cash Equivalents	17,328
Cash and Cash Equivalents at Beginning of Period	40,803
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>\$ 58,131</u>
 <b><u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities</u></b>	
Operating Income (Loss)	\$ (24,823)
Loss on Sale of Fixed Assets	(2,397)
Change in Assets and Liabilities:	
(Increase) Decrease in:	
Note Receivable	1,000
Intergovernmental Receivable	6,666
<b>Net Cash Provided by Operating Activities</b>	<u>\$ (19,554)</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, 2001

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 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.

All proprietary funds are accounted for on the accrual basis of accounting. Their revenues are recognized in the period earned and expenses are recognized in the period incurred. Proprietary funds’ unbilled services are recognized as revenue in the period when the service is provided. Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Activities*, all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either **1)** choosing not to apply future FASB standards (including amendments of earlier pronouncements), or **2)** continuing to follow new FASB pronouncements (unless they conflict with GASB pronouncements). The CIC has chosen not to apply future FASB standards.

The CIC is a legally separate, non-profit organization, served by a ten-member board composed of City officials and community representatives. Charged with the responsibilities of advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the Geneva area, the CIC is empowered with the ability to carry out the actions they consider necessary to achieve these responsibilities. 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. The CIC has elected not to apply GASB Statement 29 since they have applied the AICPA not-for-profit model.

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001  
(CONTINUED)

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

**Property**

Property, facilities, and equipment are stated at cost. Donated property is capitalized at estimated fair value at the donated date. Land valued at \$498,229 at December 31, 2001 was donated by the City of Geneva and outside donors.

If the CIC subsequently sells any property to a third party that was originally donated by the City of Geneva at a price in excess of the consideration received by the City from the CIC, such excess shall be paid to the City, after all associated costs paid by the CIC during its ownership, are deducted.

**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.

**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: **COMPLIANCE AND ACCOUNTABILITY**

**Change in Accounting Principle**

For December 31, 2001, the CIC has adopted GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions* and GASB Statement 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*. GASB Statement 36 modified provisions of GASB Statement 33 for certain specific nonexchange revenues.

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2001  
 (CONTINUED)

NOTE 3: **COMPLIANCE AND ACCOUNTABILITY** (Continued)

GASB Statement 33 and GASB Statement 36 were required for the current year. These statements clarified the timing requirements for recognizing assets, liabilities, revenues and expenditures/expenses associated with nonexchange transactions. As a result of implementation of these statements, there was no impact on prior year balances. Therefore, restatement of prior year balances is not necessary.

NOTE 4: **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 5: **DONATIONS**

The CIC received donations in the amount of \$441,988 in 2001, \$12,260 in cash, and \$429,728 in land.

NOTE 6: **CASH AND INVESTMENTS**

At December 31, 2001, cash and investments consisted of the following:

	2001 <u>Balance</u>
Cash and Cash Equivalents	\$ 30,097
Cash - Restricted	23,034
Cash on Hand	5,000
	<u>\$ 58,131</u>

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001  
(CONTINUED)

NOTE 6: **CASH AND INVESTMENTS** (Continued)

At year end, the carrying amount of CIC's deposits was \$58,131 for the year ended December 31, 2001 and the bank balance was \$52,185 for the year ended December 31, 2001. The full amount of the bank balance was covered by Federal Depository Insurance.

NOTE 7: **SUMMARY OF GRANT FUNDING**

The CIC was awarded a \$10,000 Child Care Facilities Planning Grant from the Ohio Community Development Finance Fund in 2000. A total of \$3,334 was received in 2000 and \$6,666 in 2001 for this grant.

NOTE 8: **RELATED PARTIES**

Five of the fifteen 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.

This was due to a change with the adoption of the revised Code of Regulations at the January 28, 2002 annual meeting.

NOTE 9: **RISK MANAGEMENT**

The Community Improvement Corporation of Geneva is covered by the City of Geneva's general liability policy which names the CIC as an additional insured.

NOTE 10: **PRIOR PERIOD ADJUSTMENT**

The retained earnings balance at December 31, 2001 has been restated to reflect \$7,600 in land previously not recorded. The restated retained earnings balance at December 31, 2001 is \$79,852.

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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, 2001 and have issued our report thereon dated June 13, 2002. 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 of 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.

June 13, 2002

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James G. Zupka  
Certified Public Accountant





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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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  
AUGUST 22, 2002**