

STRONGSVILLE COMMUNITY IMPROVEMENT CORPORATION

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001



**Auditor of State
Betty Montgomery**

To the Board of Trustees
Strongsville Community Improvement Corporation
Strongsville, Ohio

We have reviewed the Independent Auditor's Report of the Strongsville Community Improvement Corporation, Cuyahoga County, prepared by James G. Zupka, C.P.A., Inc., for the audit period January 1, 2001 through December 31, 2002. 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 Strongsville Community Improvement Corporation is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

August 13, 2003

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STRONGSVILLE COMMUNITY IMPROVEMENT CORPORATION
AUDIT REPORT
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

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(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Strongsville Community Improvement Corporation

We have audited the accompanying statements of financial position of the Strongsville Community Improvement Corporation (CIC) (a nonprofit corporation and component unit of the City of Strongsville) as of December 31, 2002 and 2001, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Strongsville Community Improvement 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 Strongsville Community Improvement Corporation as of December 31, 2002 and 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 6, 2003 on our consideration of the Strongsville Community Improvement Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions with 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 6, 2003

James G. Zupka
Certified Public Accountant

STRONGSVILLE COMMUNITY IMPROVEMENT CORPORATION
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2002 AND 2001

<u>ASSETS</u>	<u>2002</u>	<u>2001</u>
Cash - Unrestricted	\$ 7,243	\$ 7,194
Cash - Restricted, Clock Tower	12,396	12,312
Cash - Restricted, Playground	44	44
	<hr/>	<hr/>
Total Assets	\$ 19,683	\$ 19,550
	<hr/> <hr/>	<hr/> <hr/>
 <u>NET ASSETS</u>		
Unrestricted	\$ 7,243	\$ 7,194
Temporarily Restricted	12,440	12,356
	<hr/>	<hr/>
Total Net Assets	19,683	19,550
	<hr/> <hr/>	<hr/> <hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 19,683	\$ 19,550
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The notes to the general purpose financial statements are an integral part of these statements.

STRONGSVILLE COMMUNITY IMPROVEMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	2002	2001
<u>REVENUES</u>		
Interest	\$ 133	\$ 240
Total Revenues	133	240
<u>EXPENSES</u>		
Contractual Services	0	6,839
Total Expenses	0	6,839
Increase (Decrease) in Net Assets	133	(6,599)
Net Assets, Beginning of Year	19,550	26,149
Net Assets, End of Year	\$ 19,683	\$ 19,550

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

STRONGSVILLE COMMUNITY IMPROVEMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

<u>Cash Flows from Operating Activities</u>	<u>2002</u>	<u>2002</u>
Interest Income	\$ 133	\$ 240
Cash Payments to Suppliers for Goods and Services	0	(6,839)
Net Cash Provided (Used) by Operating Activities	<u>133</u>	<u>(6,599)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	133	(6,599)
Cash and Cash Equivalents at Beginning of Period	<u>19,550</u>	<u>26,149</u>
Cash and Cash Equivalents at End of Period	<u>\$ 19,683</u>	<u>\$ 19,550</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities</u>		
Operating Income (Loss)	<u>\$ 133</u>	<u>\$ (6,599)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 133</u>	<u>\$ (6,599)</u>

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

STRONGSVILLE COMMUNITY IMPROVEMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 1: **ORGANIZATION**

The Strongsville Community Improvement Corporation (CIC) was incorporated in May 1977 by the City of Strongsville 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 the City of Strongsville by acting as the designated agency of the City for the industrial, commercial, distribution, and research development in such political subdivision in accordance with Section 1724.10 of the Ohio Revised Code.

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.

The CIC, a component unit of the City of Strongsville, Ohio, is a not-for-profit Ohio corporation incorporated in May, 1977 to develop and finance industrial development of the City. The CIC was created under an ordinance passes by the City's Council to further the growth and development of the City. The ordinance specified that the Trustees of the CIC are to be the City's Mayor, Council Member, and Economic Development Director.

Basis of Accounting

These financial statements of the CIC have been prepared on the accrual basis of accounting in accordance with Statement of Financial Statements No. 117 *Financial Statements for Not-For-Profit Organizations*. SFAS No. 117 requires net assets and revenues, expenses, gains and losses to be classified based on the existence of absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted, temporarily restricted and permanently restricted - The Corporation has only *unrestricted and temporarily restricted* at December 31, 2002 and 2001.

Property and Equipment

During the year ending December 31, 2002 and 2001, the CIC did not own, purchase, or acquire any property, facilities, and/or equipment.

STRONGSVILLE COMMUNITY IMPROVEMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2002
 (CONTINUED)

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

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 501c)(3) of the Internal Revenue Code and, accordingly, no provision for federal income tax has been recorded in the accompanying financial statements.

NOTE 3: **CASH**

At year end 2002 and 2001, the carrying amount of the CIC's deposits and the bank balance was \$19,683 and \$19,550 respectively. Of the bank balance, the full amount was insured by federal depository insurances

NOTE 4: **CONDUIT DEBT**

The Strongsville Community Improvement Corporation is party to certain conduit debt obligations:

<u>Type</u>	<u>On Behalf of</u>	<u>Original Issuance of Amount</u>	<u>Year of Issue</u>
Industrial Development Revenue Bond	Nutro Corporation	\$ 1,350,000	1994
Industrial Development Revenue Bond	Nutro Corporation	1,750,000	2000

Although conduit debt obligations bear the name of the of the Strongsville CIC, the CIC has no responsibility for principal and interest payments of these issues.

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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 the
Strongsville Community Improvement Corporation

We have audited the financial statements of the Strongsville Community Improvement Corporation as of and for the year ended December 31, 2002 and 2001 and have issued our report thereon dated June 6, 2003. 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 Strongsville 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 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 Strongsville 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. However, we noted one instance involving the internal control over financial reporting that we have reported to the management of the Strongsville Community Improvement Corporation in a separate letter dated June 6, 2003.

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

June 6, 2003

James G. Zupka
Certified Public Accountant



**Auditor of State
Betty Montgomery**

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STRONGSVILLE COMMUNITY IMPROVEMENT CORPORATION

CUYAHOGA 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 4, 2003**