

**COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY**

**LAKE COUNTY**

**PREPARED BY: HEISLER & JESKO, IPA**

**FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2004**





**Auditor of State  
Betty Montgomery**

Board of Directors  
Community Improvement Corporation of Lake County  
391 West Washington Street  
Painesville, Ohio 44077

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation of Lake County, prepared by Heiser & Jesko, Inc., for the audit period January 1, 2004 through December 31, 2004. 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.

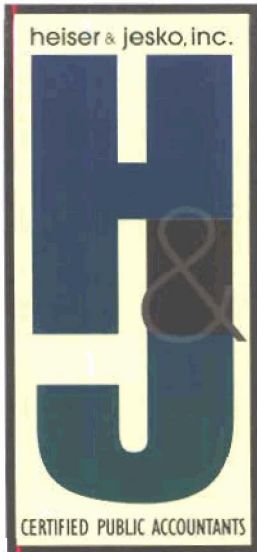
Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Community Improvement Corporation of Lake County is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY  
Auditor of State

October 3, 2005

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# COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

## FINANCIAL STATEMENTS

**DECEMBER 31, 2004**

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## INDEPENDENT AUDITOR'S REPORT

BOARD OF DIRECTORS  
COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY  
PAINESVILLE, OHIO

We have audited the accompanying statement of financial position of Community Improvement Corporation of Lake County (an Ohio non-profit corporation) as of December 31, 2004 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the 2003 financial statements and, in our report dated April 8, 2004, we expressed an unqualified opinion on those financial statements.

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 the financial position of Community Improvement Corporation of Lake County as of December 31, 2004 and the changes in its net assets and cash flows for the year then ended.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2005 on our consideration of Community Improvement Corporation of Lake County'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 considered in assessing the results of our audit.

Willoughby, Ohio  
June 13, 2005

*Heiser & Jesko*



**COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2004  
(WITH COMPARATIVE TOTALS FOR 2003)

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash (Note 1)	\$502,384	\$417,911
Grants & Contributions Receivable	<u>77,535</u>	<u>112,051</u>
	<u>579,919</u>	<u>529,962</u>
PROPERTY AND EQUIPMENT - AT COST (Note 1)		
Furniture & Fixtures	43,396	43,396
Less: Accumulated Depreciation	<u>43,396</u>	<u>37,870</u>
	<u>-</u>	<u>5,526</u>
OTHER ASSETS		
Revolving Loan Fund (Note 3):		
Cash	80,152	34,785
Loans Receivable	<u>20,475</u>	<u>28,181</u>
	<u>100,627</u>	<u>62,966</u>
	<u>\$680,546</u>	<u>\$598,454</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accrued Payroll	\$ 8,000	\$ -
Note Payable (SBA) - Current (Note 6)	600	-
Funds Due Other Agencies	<u>-</u>	<u>27,634</u>
	<u>8,600</u>	<u>27,634</u>
NOTE PAYABLE (SBA) - Long-Term (Note 6)	30,733	
NET ASSETS (Note 1)		
Unrestricted	517,586	495,354
Temporarily Restricted	<u>123,627</u>	<u>75,466</u>
	<u>641,213</u>	<u>570,820</u>
	<u>\$680,546</u>	<u>\$598,454</u>

See accompanying notes.



## COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

### STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2004  
(WITH COMPARATIVE TOTALS FOR 2003)

	TEMPORARILY RESTRICTED	UNRESTRICTED	2004	2003
<b>PUBLIC SUPPORT AND REVENUES</b>				
<b>PUBLIC SUPPORT</b>				
SBDC (Net of Pass-Through Grants - Note 6)	\$	\$137,403	<b>\$137,403</b>	\$136,597
PTAC (Net of Pass-Through Grants - Note 6)		130,073	<b>130,073</b>	50,917
Donated Services & Rent		80,648	<b>80,648</b>	35,418
Membership		79,375	<b>79,375</b>	82,400
Lake County Commissioners		72,450	<b>72,450</b>	72,450
LCSBAC		45,000	<b>45,000</b>	40,000
RLF, Microloan & Fees	5,000	503	<b>5,503</b>	35,867
ITAC (Net of Pass-Through Grants - Note 6)		18,950	<b>18,950</b>	30,293
Ashtabula/Lake County (OPTA)		16,560	<b>16,560</b>	16,560
Third Frontier		11,866	<b>11,866</b>	-
Team NEO	10,500		<b>10,500</b>	12,500
GSA Referral		10,450	<b>10,450</b>	-
Other		5,263	<b>5,263</b>	2,950
OITP/OEL - Grant				64,754
OITP/OEL - Membership				2,100
	<u>15,500</u>	<u>608,541</u>	<u><b>624,041</b></u>	<u>582,806</u>
<b>NET ASSETS RELEASED FROM RESTRICTION</b>	32,661	(32,661)		
<b>REVENUES</b>				
LCSBAC (SBA) & Enterprise Zone Fees		46,730	<b>46,730</b>	36,969
Other Fees & Income		23,994	<b>23,994</b>	15,009
Interest Income		6,233	<b>6,233</b>	7,844
		<u>76,957</u>	<u><b>76,957</b></u>	<u>59,822</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<u>48,161</u>	<u>652,837</u>	<u><b>700,998</b></u>	<u>642,628</u>
<b>EXPENSES</b>				
Program:				
SBDC & ITAC		271,718	<b>271,718</b>	241,489
Procurement Program		165,967	<b>165,967</b>	153,940
Enterprise Zone & Other		48,039	<b>48,039</b>	98,313
SBA 504		21,241	<b>21,241</b>	21,075
Revolving Loan		14,668	<b>14,668</b>	19,966
		<u>521,633</u>	<u><b>521,633</b></u>	<u>534,783</u>
General & Administrative		108,972	<b>108,972</b>	116,612
<b>TOTAL EXPENSES</b>		<u>630,605</u>	<u><b>630,605</b></u>	<u>651,395</u>
<b>CHANGE IN NET ASSETS</b>	48,161	22,232	<b>70,393</b>	(8,767)
<b>NET ASSETS - Beginning</b>	<u>75,466</u>	<u>495,354</u>	<u><b>570,820</b></u>	<u>579,587</u>
<b>NET ASSETS - Ending</b>	<u><b>\$123,627</b></u>	<u><b>\$517,586</b></u>	<u><b>\$641,213</b></u>	<u><b>\$570,820</b></u>

See accompanying notes.





**COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2004  
(WITH COMPARATIVE TOTALS FOR 2003)**

	<u>2004</u>	<u>2003</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in Net Assets	<b><u>\$ 70,393</u></b>	<b><u>\$ (8,767)</u></b>
Adjustments to Reconcile Change in Net Assets to Cash Provided by(Used by) Operating Activities:		
Depreciation	<b>5,526</b>	7,574
Changes in Assets & Liabilities:		
Decrease in Receivables	<b>34,516</b>	47,760
Increase in Revolving Loan Fund	<b>(37,661)</b>	(24,500)
Decrease in Prepaid Rent		20,296
Decrease in Liabilities	<b><u>(19,634)</u></b>	<u>(56,648)</u>
Total Adjustments	<b><u>(17,253)</u></b>	<u>(5,518)</u>
Net Cash Provided by(Used by) Operations	<b><u>53,140</u></b>	<u>(14,285)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from SBA Loan	<b><u>31,333</u></b>	<u>-</u>
NET INCREASE(DECREASE) IN CASH	<b>84,473</b>	(14,285)
CASH AT BEGINNING OF YEAR	<b><u>417,911</u></b>	<u>432,196</u>
CASH AT END OF YEAR	<b><u>\$502,384</u></b>	<u>\$417,911</u>

See accompanying notes.



## COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

### STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2004  
(WITH COMPARATIVE TOTALS FOR 2003)

	SBDC & ITAC	Procurement Program	Enterprise Zone & Other	SBA 504	Revolving Loan Programs	Total Programs	General & Administrative	2004 TOTAL	2003 TOTAL
Personnel Costs	\$153,418	\$117,623	\$27,429	\$10,817	\$13,019	\$322,306	\$28,841	<b>\$351,147</b>	\$339,694
Occupancy	7,649	18,260				25,909	37,721	<b>63,630</b>	44,990
Contract & Consulting Services	29,153	4,120	9,000	9,930		52,203	7,049	<b>59,252</b>	36,955
Professional Fees	27,109					27,109	13,102	<b>40,211</b>	32,792
Travel & Conferences	9,809	19,748	222		292	30,071	3,303	<b>33,374</b>	26,247
In-Kind Expenses	16,900					16,900		<b>16,900</b>	35,418
Office & Miscellaneous	4,787	3,371	701	64	358	9,281	2,727	<b>12,008</b>	9,180
Computer	6,178	294	2,354		900	9,726	1,862	<b>11,588</b>	13,523
Printing & Copier	7,810	436	959		99	9,305	1,231	<b>10,536</b>	9,136
Telephone	2,578	1,675	1,848			6,101	1,250	<b>7,351</b>	9,530
Automobile	154					154	6,300	<b>6,454</b>	7,206
Depreciation			5,526			5,526		<b>5,526</b>	7,574
Postage	3,993	183		430		4,605	20	<b>4,625</b>	4,228
Special Events & Other							3,645	<b>3,645</b>	3,930
Dues & Subscriptions	2,136	257				2,393	89	<b>2,482</b>	1,563
Advertising & Promotion	44					44	1,832	<b>1,876</b>	2,207
OEL Membership & Program									<u>67,222</u>
	<u>\$271,718</u>	<u>\$165,967</u>	<u>\$48,039</u>	<u>\$21,241</u>	<u>\$14,668</u>	<u>\$521,633</u>	<u>\$108,972</u>	<b><u>\$630,605</u></b>	<u>\$651,395</u>

See accompanying notes.



## COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

#### NOTES:

#### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### NATURE OF OPERATION AND MISSION STATEMENT

Community Improvement Corporation of Lake County (CIC-LC) was incorporated in 1963 for the purpose of advancing, encouraging and promoting the industrial, economic, commercial and civic development of the County of Lake and the municipal corporations located therein for the industrial, commercial, distribution and research development in such political subdivisions in accordance with Section 1724.03 of the Ohio Revised Code.

CIC-LC's website address is [www.lakecountyohio.org/cic](http://www.lakecountyohio.org/cic).

The Lake County Economic Development Center (LCEDC) was established in 1985 as a committee of CIC-LC to address the economic growth in Lake County and an increased standard of living for its residents. The mission of LCEDC became one of promoting business retention and expansion first, followed by the attraction of new industry to the community.

LCEDC's website address is [www.lcedc.org](http://www.lcedc.org).

##### COMPARATIVE STATEMENTS

The financial statements include certain prior-year (2003) comparative total amounts. Such total amounts do not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such amounts should be read in conjunction with the Organization's financial statements for the year ended December 31, 2003, from which the comparative total amounts were derived. The auditor's report dated April 8, 2004 expressed an unqualified opinion on those financial statements.

##### BASIS OF ACCOUNTING

The financial statements of CIC-LC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

##### BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence of existence and nature of donor-imposed restrictions as follows:



## COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

#### NOTES (CONTINUED):

- Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.
- Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets would permit the Organization to use all or part of the income earned on the asset.

There are no permanently restricted funds at December 31, 2004.

#### FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### USE OF ESTIMATES

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

#### INCOME TAX STATUS

CIC-LC is incorporated as a not-for-profit organization under Chapters 1702 and 1724 of the Ohio Revised Code, is exempt from federal income taxes under Internal Revenue Code Section 501(c)(4), and is not considered a private foundation under Section 509(a)(2).

#### CONTRIBUTIONS

All contributions are considered unrestricted unless specifically restricted by the donor.

#### CONTRIBUTED SERVICES

SFAS 116 states that for donated services to be recognized in the financial statements, the services must either (a) create or enhance non-financial asset or (b) be specialized skills, provided by entities or persons possessing those skills, that would be purchased if not donated.



## COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

#### NOTES (CONTINUED):

A number of volunteers have donated significant amounts of their time assisting CIC-LC with program, management and internal functions and various committee assignments. These donated services have not been recognized in the accompanying statement of changes in net assets because the criteria for recognition of such volunteer efforts under SFAS 116 have not been satisfied.

#### PROPERTY & EQUIPMENT

Maintenance and repairs are charged to operations and expenditures for renewals and improvements and the fair value of donated fixed assets are capitalized. Provision for depreciation of assets is recorded by a charge against operations at rates which amortize the cost of such assets over their lives computed on the straight line method. The depreciable lives of assets generally are 10 years except for computers which are 5 years.

The cost of assets retired or otherwise disposed of and the related accumulated depreciation have been eliminated from the accounts and any resulting gain or loss charged to revenue.

#### DEPRECIATION

CIC-LC depreciates its Property and Equipment over the estimated useful lives of the assets based upon the straight-line method.

Depreciation expense for each of the years ended December 31, 2004 and 2003 was \$5,526 and \$7,574, respectively.

#### MAJOR FUNDING

Major funding is as disclosed in the Statement of Activities (Page 3).

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of amounts on deposit with commercial banks and interest bearing and non-interest bearing accounts, all available with 180 days following demand.

#### LOANS RECEIVABLE

Loans receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with clients having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.



## COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

#### NOTES (CONTINUED):

##### RELATED PARTIES

Members of the Board include officers of lending institutions who may be a party to the loan agreement with an applicant. CIC-LC's policy is for those applicable board members to abstain from voting on approval of these applicants.

##### CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject CIC-LC to concentrations of credit risk, consist primarily of periodic temporary investments of excess cash. The Organization places its temporary excess cash in high quality financial institutions. Parts of these instruments are in excess of the Federal Deposit Insurance Corporation (FDIC) limit. At December 31, 2004, the Organization had approximately \$111,000 in deposits at one bank in excess of the FDIC limit. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and short-term investments.

##### COMPENSATED ABSENCES

Employees of CIC-LC are entitled to paid vacations, sick days and personal days off depending on job classification, length of service and other factors. CIC-LC's policy is to recognize the costs of compensated absences when actually paid to employees. The effect of this method instead of accruing these costs is minimal in 2004 and 2003.

#### **NOTE 2. DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES**

The following program and supporting services are included in the accompanying financial statements:

##### PROGRAM

- **Procurement Program (PTAC)** - This program offers a wide range of services designed to assist business and industry involved in the federal market arena, or those intending to enter. Through several specially designed programs, a general knowledge of how-to-sell to government agencies is provided. The services also include assistance with local government bids, and state bids (Ohio and others).
- **Small Business Development Center (SBDC)** - SBDC provides a wide range of free management counseling to existing and start-up small businesses in Lake County.
- **SBA 504** - The loan program provides low fixed rate loans, minimal down payment, and long-term incentives for small businesses investing in fixed assets.



## COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

#### NOTES (CONTINUED):

- **International Trade Assistance Center (ITAC)** - provides counseling and support to companies wishing to begin exporting. The Center also supports regional trade missions, conducts training seminars, provides internet research and acts as a clearinghouse for its clients connecting them with all of the export support providers in this region.
- **Enterprise Zone** - The Enterprise Zone serves as an additional economic development tool for communities in Lake County attempting to retain and expand their economic base. The Center assists communities in remaining competitive by offering tax incentives for growth and development of new or existing businesses.
- **Workforce Development Initiative** - A Development Initiative has been established to address the local business community's concerns regarding the availability of skilled labor. Its mission is to raise the appropriate technical skills, employability skills, and educational level of the entry-level technical workforce in Lake County.
- **Site Selection and Industrial Development Revenue Bonds** - This program works in cooperation with the local commercial real estate brokers and property owners to keep an updated inventory of available property. The municipalities are providing local tax information and area promotional features for businesses that wish to relocate in the area. The Industrial Development Revenue Bond function provides assistance to businesses to obtain financing through the industrial development revenue bonds.

#### GENERAL AND ADMINISTRATIVE

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy through the Office of the President; secure proper administrative function of the Board of Directors; maintain competent legal services for the program administration of the Organization; and manage the financial and budgetary responsibilities of the Organization.

#### **NOTE 3. REVOLVING LOAN FUND**

The Organization received \$36,333 (2004) and \$33,500 (2003) in public and private funds for its Revolving Loan Fund (RLF) program. Loans of up to \$15,000 are disbursed to credit-worthy businesses on varying terms, with interest approximating the prime rate. Loans outstanding at December 31 were \$20,475 (2004) and \$28,181 (2003).



## COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004

NOTES (CONTINUED):

#### NOTE 4. RECLASSIFICATION OF EXPENSES

Certain expense items of the prior year have been reclassified to conform with the December 31, 2004 financial statement presentation.

#### NOTE 5. OPERATING LEASE COMMITMENTS

In the last quarter of 1998 CIC-LC moved its operations to Lake Erie College (Painesville, Ohio). In lieu of rent for 5 years, CIC-LC agreed to renovate its space for a cost of approximately \$156,000. The costs of the renovations were credited by Lake Erie College against rent due each month in the annual amount of \$33,968. Prepaid rent became fully expired during 2003.

The lease was verbally renewed as contributed rent on a month-to-month basis beginning October 1, 2003.

All other lease commitments are for automobiles and office equipment and are not significant to these financial statements.

#### NOTE 6. NOTE PAYABLE - SBA

The Organization obtained a note payable with the SBA as part of its microloan program. The proceeds, of which one-third of a total of \$94,000 was advanced in 2004, will be used to provide financial assistance to eligible low-income individuals, minority entrepreneurs and other small businesses.

The advances on the note accrue interest at 1.75% for the first year and will be retained or increased two (2) additional percentage points in the second year based on the average size of microloans issued by CIC-LC.

Principal payments for the 2004 advance begin November, 2005 and will be amortized with the first year's accrued interest over a nine (9) year period.

Maturities of long-term debt are as follows:

2005	\$ 600
2006	3,600
2007	3,600
2008	3,600
2009	3,600
2010 & Thereafter	<u>16,333</u>
	<u>\$ 31,333</u>





**COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2004**

NOTES (CONTINUED):

**NOTE 7. PASS-THROUGH GRANTS ARE AS FOLLOWS:**

Grants received and subsequently passed through to subcontractors are as follows:

	<u>2004</u>	<u>2003</u>
SBDC	\$ 25,107	\$ 63,482
PTAC	39,363	34,455
ITAC	-	18,857

**NOTE 8. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2004 and 2003 are comprised of the following:

	<u>2004</u>	<u>2003</u>
Revolving Loan Fund	\$100,627	\$ 62,966
Team NEO	<u>23,000</u>	<u>12,500</u>
	<u>\$123,627</u>	<u>\$ 75,466</u>



**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**

BOARD OF DIRECTORS  
COMMUNITY IMPROVEMENT CORPORATION  
OF LAKE COUNTY

We have audited the financial statements of Community Improvement Corporation of Lake County as of and for the year ended December 31, 2004, and have issued our report thereon dated June 13, 2005. 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* by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Community Improvement Corporation of Lake County'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 Community Improvement Corporation of Lake County'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.

This report is intended for the information of the finance committee, management, federal awarding agencies and pass-through entities, and the State of Ohio, and is not intended to be and should not be used by anyone other than these specified parties.

Willoughby, Ohio  
June 13, 2005

*Heiser & Jesko*



**Auditor of State  
Betty Montgomery**

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Facsimile 614-466-4490

**COMMUNITY IMPROVEMENT CORPORATION OF LAKE COUNTY  
LAKE 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  
NOVEMBER 10, 2005**