

Financial Statements  
and  
Independent Auditors' Report

**ERIE COMMUNITY IMPROVEMENT CORPORATION**

December 31, 2000





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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The Board of Directors  
Erie Community Improvement Corporation  
C/O Erie County Services Center  
2900 Columbus Avenue, Room 204  
Sandusky, Ohio 44870

We have reviewed the Independent Auditor's Report of the Erie Community Improvement Corporation, Erie County, prepared by Kraus, Hanck & Co., 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 Erie Community Improvement Corporation is responsible for compliance with these laws and regulations.

**JIM PETRO**  
Auditor of State

September 25, 2001

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**Erie Community Improvement Corporation**

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**KRAUS, HANCK & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

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July 24, 2001

INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
**Erie Community Improvement Corporation**

We have audited the accompanying statement of financial position of the **Erie Community Improvement Corporation** 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 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 **Erie Community Improvement Corporation** as of December 31, 2000, 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 24, 2001, on our consideration of **Erie Community Improvement Corporation's** internal control over financial reporting and 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.

*Kraus Hanck & Co.*  
Certified Public Accountants

STATEMENT OF FINANCIAL POSITION  
**Erie Community Improvement Corporation**  
December 31, 2000

<u>ASSETS</u>	
Current Assets	
Cash and cash equivalents	\$ 20,412
Accounts receivable – Erie County	<u>38,500</u>
Total Assets	<u>58,912</u>
 <u>LIABILITIES AND NET ASSETS</u>	
Liabilities	
Accounts payable – GEM	\$ 38,500
Net Assets	
Unrestricted net assets	<u>20,412</u>
Total Liabilities and Net Assets	<u>58,912</u>

See notes to financial statements.



STATEMENT OF ACTIVITIES  
**Erie Community Improvement Corporation**  
For The Year Ended December 31, 2000

Revenue:

Grant – Erie County	\$ 38,500
Interest income	<u>451</u>
Total Revenue	38,951

Expenses:

Promotion of economic development	38,500
Audit and tax fee	650
Bank service charges	<u>45</u>
Total Expenses	<u>39,195</u>
Change in Net Assets	( 244)
Net Assets, Beginning of year	<u>20,656</u>
Net Assets, End of year	<u>20,412</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS  
**Erie Community Improvement Corporation**  
 For The Year Ended December 31, 2000

**Cash Flows from Operating Activities:**

Changes in Net Assets \$( 244)

Adjustments to reconcile change in net assets  
to net cash provided by operating activities:

(Increase) decrease in accounts receivable (38,500)

Increase (decrease) in accounts payable 38,500

Total Adjustments - 0 -

Net cash used by operating activities ( 244)

**Cash Flows from Investing Activities:** - 0 -

**Cash Flows from Financing Activities:** - 0 -

Net decrease in cash and cash equivalents ( 244)

Cash and cash equivalents, beginning of year 20,656

Cash and cash equivalents, end of year 20,412

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS  
**Erie Community Improvement Corporation**  
December 31, 2000

Note 1 – Organization

The **Erie Community Improvement Corporation (Corporation)** is an Ohio not-for-profit corporation created pursuant to Chapter 1724 of the Ohio Revised Code for the purpose of advancing, encouraging, and promoting industrial, economic and commercial development in Erie County, Ohio.

The **Corporation** is exempt from Federal income tax as an organization described in Section 501(c)(4) of the Internal Revenue Code.

The **Corporation's** primary source of revenue is from grants from Erie County, Ohio.

Note 2 – Summary of Significant Accounting Policies

Financial Statement Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, the **Corporation** considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

Note 3 – Contract with The Greater Erie County Marketing Group, Inc.

The **Corporation** receives grants from Erie County to promote the industrial, economic, and commercial development in Erie County, Ohio. The grants are stipulated for funding an agreement with The Greater Erie County Marketing Group, Inc., which has been organized to encourage economic development in Erie County, Ohio.

Note 4 – Change in Accounting Principle

During 2000, the **Corporation** changed the basis of accounting used to prepare its financial statements from the cash basis to the accrual basis of accounting. The accrual basis of accounting conforms to generally accepted accounting principles and more accurately reports the assets, liabilities, revenues, expenses and net assets. This change had no effect on 2000 change in net assets and no effect on net assets at the beginning of 2000.

**KRAUS, HANCK & CO.**

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July 24, 2001

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

The Board of Trustees  
**Erie Community Improvement Corporation**

We have audited the financial statements of **Erie Community Improvement Corporation** as of and for the year ended December 31, 2000, and have issued our report thereon dated July 24, 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 **Erie Community Improvement Corporation'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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 1.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered **Erie 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 internal control over financial reporting and its operations that we consider to be material weaknesses.

The report is intended solely for the information and use of the trustees, management, others within the **corporation** and the Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

*Kraus, Hanck & Co.*  
Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
**Erie Community Improvement Corporation**  
 For The Year Ended December 31, 2000

Section I – Summary of Audit Results

Financial Statements

Type of auditor’s report issued	Unqualified		
Internal control over financial reporting:			
Material weaknesses identified?	_____	yes	_____ <u>X</u> no
Reportable condition(s) identified that are not considered to be material weaknesses?	_____	yes	_____ <u>X</u> none reported
Noncompliance material to financial statements noted?	_____ <u>X</u>	yes	_____ no

Federal Awards

Not Applicable

Section II – Findings – Financial Statements Audit

The following instance of noncompliance was noted during the audit of the December 31, 2000 financial statements of **Erie Community Improvement Corporation**.

1. Instance of Noncompliance: **Erie Community Improvement Corporation** did not file an annual financial statement report with the Auditor of State within 120 days of its year end as required by Section 1724.05 of the Ohio Revised Code.

Section III – Findings and Questioned Costs – Major Federal Award Programs Audit

Not Applicable





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**ERIE COMMUNITY IMPROVEMENT CORPORATION**

**ERIE 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  
OCTOBER 4, 2001**