



**LIMA AREA DEVELOPMENT CORPORATION
ALLEN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LIMA AREA DEVELOPMENT CORPORATION
ALLEN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Lima Area Development Corporation
Allen County
215 West Market Street
Lima, Ohio 45801

To the Members of the Board:

We have audited the accompanying financial statements of the Lima Area Development Corporation, Allen County, (the Corporation) as of and for the years ended December 31, 2000 and 1999, as listed in the table of contents. 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 Lima Area Development Corporation, as of December 31, 2000 and 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2001, on our consideration of the 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.

Jim Petro
Auditor of State

June 22, 2001

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**LIMA AREA DEVELOPMENT CORPORATION
ALLEN COUNTY**

**BALANCE SHEET
AS OF DECEMBER 31, 2000 AND 1999**

ASSETS	2000	1999
Current Assets:		
Demand Deposits	\$ 5,308	\$ 998
Money Market	<u>44,685</u>	<u>43,633</u>
Total Current Assets	49,993	44,631
Other Assets:		
Loans Receivable	<u>292,835</u>	<u>292,835</u>
Total Other Assets	<u>292,835</u>	<u>292,835</u>
Total Assets	<u><u>\$ 342,828</u></u>	<u><u>\$ 337,466</u></u>
LIABILITIES AND RETAINED EARNINGS		
Current Liabilities:	\$ 0	\$ 0
Retained Earnings	<u>342,828</u>	<u>337,466</u>
Total Liabilities and Retained Earnings	<u><u>\$ 342,828</u></u>	<u><u>\$ 337,466</u></u>

The Notes to the financial statements are an integral part of this statement.

**LIMA AREA DEVELOPMENT CORPORATION
ALLEN COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000 AND 1999**

	2000	1999
Operating Revenue:		
Financing Fees	\$ 4,310	\$ 5,860
Total operating revenue	4,310	5,860
Operating Expenses:	0	0
Operating income	4,310	5,860
Non-operating Revenue		
Interest Income	1,052	1,001
Net Income	5,362	6,861
Retained Earnings, January 1	337,466	330,605
Retained Earnings, December 31	\$ 342,828	\$ 337,466

The notes to the financial statements are an integral part of this statement.

**LIMA AREA DEVELOPMENT CORPORATION
ALLEN COUNTY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000 AND 1999**

	2000	1999
Increase (Decrease) in Cash and Cash Equivalents:		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 4,310	\$ 5,860
Net Cash Provided by (Used for) Operating Activities	4,310	5,860
Cash Flows from Investing Activities:		
Cash Received from Interest	1,052	1,001
Net Increase (Decrease) in Cash and Cash Equivalents	5,362	6,861
Cash and Cash Equivalents at Beginning of Year	44,631	37,770
Cash and Cash Equivalents at End of Year	\$ 49,993	\$ 44,631
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 4,310	\$ 5,860

The notes to the financial statements are an integral part of this statement.

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**LIMA AREA DEVELOPMENT CORPORATION
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. Description of the Entity

The Lima Area Development Corporation (the Corporation) was organized April 5, 1966 under the laws of the State of Ohio as a not-for-profit corporation whose purpose is to encourage, promote and assist the industrial and commercial development in the City of Lima area. The Corporation is directed by a twelve member Board of Trustees, seven elected at-large and five representing various political subdivisions. The Corporation arranges financing for business development and charges a fee to the beneficiary of the financing.

The Board of Trustees believe these financial statements present all activities for which the Corporation is financially responsible.

2. Tax Exempt Status

The Corporation has received Internal Revenue Service approval of its tax exempt status. Therefore the accompanying financial statements contain no provision for income taxes.

3. Basis of Accounting

The significant accounting policies followed in the preparation of these financial statements conform to generally accepted accounting principles for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. Under the guidelines of GASB 20, the Corporation has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989 to its proprietary activities. The adoption of this approach to accounting for proprietary activities by the Corporation required no change from prior years.

The Corporation has created a single type of fund and a single fund within that type. This fund accounts for the resources allocated to it for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. The fund type which the Corporation uses is described below:

Proprietary Fund Type

This fund type accounts for operations that are organized to be self-supporting through user charges. The fund included in this category used by the Corporation is an Enterprise Fund.

Enterprise Fund - This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Corporation prepares its financial statements in accordance with generally accepted accounting principles, consequently, revenues and the related assets are recognized when earned, and expenditures are recognized when the obligation is incurred.

The proprietary fund is accounted for on a flow of economic resources and all assets and liabilities associated with the operation are included on the balance sheet.

4. Cash And Cash Equivalents

Cash balances of the Corporation's funds are held in checking and money market accounts.

**LIMA AREA DEVELOPMENT CORPORATION
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

5. Loans Receivable

The following loans have been granted:

Dated	December 31, 2000 Amount	Due
The Port Authority of Allen County August 11, 1998	\$100,000.00	On or before August 11, 2003
	<u>48,435.13</u>	On or before July 1, 2003
Total	\$148,435.13	
Allen County Development Corporation April 16, 1992	\$ 50,000.00	Upon demand under conditions outlined below.
Lima Growth Association June 26, 1998	<u>\$ 94,400.00</u>	Due on demand, thirty-six months after date granted.
Loan Receivable Totals	<u>\$292,835.13</u>	

The Port Authority of Allen County

The notes are interest free and are secured by liens on land located in Bath Township, Allen County, Ohio. The notes state that they are not secured by an obligation or pledge of any moneys raised by taxation and do not represent debts of the full faith and credit of the Port Authority of Allen County. Payment on the loans can be made only from proceeds resulting from the sale of real estate involved.

The notes reflected above originally had a maturity dates that were five years from the date the loans were granted. By action of the Corporation's Board, the maturity dates have been extended to those dates reflected above.

Allen County Development Corporation

This note bears interest at an annual rate of 5 percent and is unsecured. The note shall be payable upon demand by the holder after a first mortgage note given by Allen County Development Corporation to a consortium of banks have been paid and a second mortgage given by Allen County Development Corporation to Central Point Investors has been paid.

Lima Growth Association

This note bears interest at an annual rate of 6 percent and is payable on demand, thirty-six months after the date of the note. If the note is not paid when due, the principal sum and all accrued interest thereon shall become due and payable, if the legal holder of this note shall elect, without demand made therefore, and without formal notice thereof. This association is a joint venture of local utility companies. The proceeds of this note were used as partial financing for the construction of a building to be available for sale to potential new businesses. Subsequent sale of the property to the ultimate new business will provide the basis for repayment. During 1998, interest for the original three-year period that the loan had been outstanding was added to the principal and the note was rewritten for an additional three-year period.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Lima Area Development Corporation
Allen County
215 West Market Street
Lima, Ohio 45801

To the Members of the Board:

We have audited the financial statements of the Lima Area Development Corporation, Allen County, (the Corporation) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 22, 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 the 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 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 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.

This report is intended for the information and use of the Members of the Board, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 22, 2001



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LIMA AREA DEVELOPMENT CORPORATION

ALLEN 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
JULY 19, 2001**