

**COMMUNITY IMPROVEMENT CORPORATION OF GENEVA**

**AUDIT REPORT**

**FOR THE PERIOD ENDED DECEMBER 31, 2003**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Community Improvement Corporation of Geneva  
44 North Forest St.  
Geneva, Oh 44041

We have reviewed the Independent Auditor's Report of the Community Improvement Corporation of Geneva, Ashtabula County, prepared by James G. Zupka, C.P.A., Inc., for the audit period January 1, 2003 to December 31, 2003. 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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

August 4, 2004

**This Page is Intentionally Left Blank.**

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2003

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Balance Sheet	2
Statement of Revenues, Expenses and Changes in Retained Earnings	3
Statement of Cash Flows	4
Notes to the Financial Statements	5-8
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	9-10

**This Page is Intentionally Left Blank.**

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

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees of the  
Community Improvement Corporation of Geneva

We have audited the accompanying balance sheet of the Community Improvement Corporation of Geneva (CIC) (a nonprofit corporation and component unit of the City of Geneva) as of December 31, 2003, and the related statements of revenues, expenses and changes in retained earnings 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, 2003, and the changes in its retained earnings 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 17, 2004 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 17, 2004

---

James G. Zupka  
Certified Public Accountant

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA  
BALANCE SHEET  
DECEMBER 31, 2003

	<u>Enterprise Fund</u>
<b><u>ASSETS</u></b>	
Cash and Cash Equivalents	\$ 68,470
Cash in Segregated Accounts	28,498
Capital Assets and Property Held for Sale or Development	<u>380,901</u>
<b>Total Assets</b>	<b><u>\$ 477,869</u></b>
<b><u>LIABILITIES AND EQUITY</u></b>	
<b><u>Liabilities</u></b>	
Due to Other Governments	<u>\$ 71,960</u>
<b>Total Liabilities</b>	<b><u>71,960</u></b>
<b><u>Equity</u></b>	
Retained Earnings	
Unrestricted	377,411
Temporarily Restricted	<u>28,498</u>
<b>Total Liabilities and Equity</b>	<b><u>\$ 477,869</u></b>

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

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Enterprise Fund</u>
<b><u>REVENUES</u></b>	
Contributions	\$ 54,878
Charitable Trust Grant	3,000
Investment Income	287
Miscellaneous Revenues	<u>880</u>
<b>Total Revenues</b>	<u>59,045</u>
 <b><u>EXPENSES</u></b>	
Economic Development	<u>18,572</u>
 <b>Total Operating Income</b>	 40,473
Retained Earnings at January 1	<u>365,436</u>
 <b>Retained Earnings at December 31</b>	 <u><u>\$ 405,909</u></u>

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, 2003

	<u>Enterprise Fund</u>
<b><u>Cash Flows from Operating Activities</u></b>	
Cash Received from Contributions	\$ 31,838
Cash Received from Grants	3,000
Cash Received from Other Sources	1,167
Cash Payments for Operating Expenses	<u>(18,572)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>17,433</u>
 Net Increase in Cash and Cash Equivalents	 17,433
 Cash and Cash Equivalents at Beginning of Period	 <u>79,535</u>
 <b>Cash and Cash Equivalents at End of Period</b>	 <b><u>\$ 96,968</u></b>
 <b><u>Reconciliation of Operating to Net Cash Used for Operating Activities</u></b>	
Operating Income	\$ 40,473
Change in Assets and Liabilities:	
Increase (Decrease) in:	
Due to Other Government	<u>(23,040)</u>
 <b>Net Cash Provided by Operating Activities</b>	 <b><u>\$ 17,433</u></b>

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, 2003

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 is a legally separate, non-profit organization, served by a fifteen-member board composed of City officials and community representatives.

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. The CIC is empowered with the ability to carry out the actions it considers necessary to achieve its mission.

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.

**Financial Reporting Entity**

The financial statements of CIC have been prepared on the accrual basis of accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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 to apply GASB Statement 29 since they have applied the AICPA governmental model.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the CIC has elected not to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989. The CIC will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board. The more significant of the CIC’s accounting policies are described below.

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(CONTINUED)

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

**Basis of Presentation**

The CIC's financial statements consist of a balance sheet, a statement of revenues, expenses and changes in retained earnings and a statement of cash flows.

The CIC uses a single enterprise fund to maintain its financial records on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

**Measurement Focus and Basis of Accounting**

The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the CIC are included on the balance sheet. The statement of revenues, expenses and changes in retained earnings presents increases (i.e., revenues) and decreases (i.e., expenses) in total retained earnings. The statement of cash flows provides information about how the CIC finances and meets the cash flow needs of its activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the CIC's enterprise fund are non-monetary and monetary donations and grants from individuals, foundations and other organizations. Operating expenses for the CIC include the administrative expenses and other costs associated with the fulfillment of its mission such as tree planting and credits granted towards land purchases for, the purpose of development.

**Capital Assets and Property Held for Sale or Development**

All capital assets and other property are stated at cost. Donated property is capitalized at estimated fair value at the date of donation. Property valued at \$380,901 at December 31, 2003 was donated by the City of Geneva and outside donors. The City's only capital assets are lands. During 2003, there was no acquisition or disposal of capital assets.

**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.

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2003  
 (CONTINUED)

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

**Use of Estimates**

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

**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, the CIC considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE 3: **CASH AND INVESTMENTS**

At December 31, 2003, cash and investments consisted of the following:

	2003 <u>Balance</u>
Cash and Cash Equivalents	\$ 68,470
Cash In Segregated Accounts	<u>28,498</u>
	<u>\$ 96,968</u>

At year end, the carrying amount of CIC's deposits was \$96,968 and the bank balance was \$97,003. The full amount of the bank balance was covered by Federal Depository Insurance.

NOTE 4: **SUMMARY OF GRANT FUNDING**

The CIC was awarded a \$3,000 grant from the Albert M. Ford Charitable Trust in 2003. The entire amount of the 2003 award was received in 2003.

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(CONTINUED)

NOTE 5: **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.

NOTE 6: **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.

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

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

---

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees of the  
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, 2003 and have issued our report thereon dated June 17, 2004. 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. However, we noted one instance involving the internal control over financial reporting that we have reported to the management of the Community Improvement Corporation in a separate letter dated June 17, 2004.

This report is intended solely for the information and use of the management, 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 17, 2004

---

James G. Zupka  
Certified Public Accountant



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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 17, 2004**