

**COMMUNITY IMPROVEMENT CORPORATION OF GENEVA**

**AUDIT REPORT**

**FOR THE PERIOD ENDED DECEMBER 31, 2004**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Community Improvement Corporation of Geneva

We have reviewed the Independent Auditor's Report of the Community Improvement Corporation of Geneva, Ashtabula County, prepared by James G. Zupka, CPA, 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 Geneva is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY  
Auditor of State

July 5, 2005

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COMMUNITY IMPROVEMENT CORPORATION OF GENEVA  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2004

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
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	9-10

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

*Certified Public Accountants*

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

*Garfield Hts., Ohio 44125*

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Member American Institute of Certified Public Accountants

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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 statement of financial position of the Community Improvement Corporation of Geneva (CIC) (a nonprofit corporation and component unit of the City of Geneva) as of December 31, 2004, and the related statements of activities 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, 2004, 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 March 21, 2005 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 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 read in conjunction with this report in considering the results of our audit.

James G. Zupka, CPA, Inc.  
Certified Public Accountants

March 21, 2005

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2004

**ASSETS**

Cash and Cash Equivalents	\$ 91,090
Cash Held as Fiscal Agent	22,454
Accounts Receivable	5,660
Capital Assets and Property Held for Sale or Development	<u>380,901</u>

**Total Assets** \$ 500,105

**LIABILITIES AND EQUITY**

**Liabilities**

Accounts Payable - Vendors	2,817
Due to Other Governments	47,953
Funds Held as Fiscal Agent	<u>22,454</u>
<b>Total Liabilities</b>	<u>73,224</u>

**Net Assets**

Unrestricted 426,881

**Total Liabilities and Net Assets** \$ 500,105

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



COMMUNITY IMPROVEMENT CORPORATION OF GENEVA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004

**Unrestricted Net Assets**

**Support**

Contributions	\$ 11,417
Charitable Trust Grant	10,000
Investment Income	<u>729</u>
<b>Total Support</b>	<b><u>22,146</u></b>

**Expenses**

Economic Development	<u>24,129</u>
<b>Total Operating Income (Loss)</b>	<b>(1,983)</b>

Retained Earnings at January 1	405,909
Prior Period Adjustment to Restate Beginning Equity	<u>22,955</u>

<b>Retained Earnings at December 31</b>	<b><u>\$ 426,881</u></b>
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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, 2004

**Cash Flows from Operating Activities**

Cash Received from Contributions	\$ 10,757
Cash Received from Grants	10,000
Cash Received from Other Sources	23,684
Cash Payments for Operating Expenses	<u>(27,865)</u>
<b>Net Cash Provided by Operating Activities</b>	<b><u>16,576</u></b>
Net Increase in Cash and Cash Equivalents	16,576

Cash and Cash Equivalents at Beginning of Period	<u>96,968</u>
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<b>Cash and Cash Equivalents at End of Period</b>	<b><u>\$ 113,544</u></b>
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**Reconciliation of Operating to Net Cash Used for Operating Activities**

Operating Income	\$ (1,983)
Change in Assets and Liabilities:	
Increase (Decrease) in:	
Accounts Receivable	(5,660)
Accounts Payable	2,817
Due to Other Governments	<u>21,402</u>

<b>Net Cash Provided by Operating Activities</b>	<b><u>\$ 16,576</u></b>
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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, 2004

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.

**Basis of Accounting**

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 not-for-profit organizations. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for not-for-profit organizations.

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 FASB Statement 117 for the first time in fiscal year 2004 after previously reporting under Governmental Accounting Standards Board (GASB) guidelines. This change had no effect on the financial statements other than terminology changes.

**Basis of Presentation**

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

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
(CONTINUED)

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

**Basis of Presentation** (Continued)

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the CIC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Currently, the CIC has only unrestricted net assets.

**Revenue Recognition**

Contributions received are recorded as unrestricted support unless there are any donor-imposed restrictions. As of December 31, 2004, the CIC had no restricted contributions.

**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, 2004 was donated by the City of Geneva and outside donors. The City's only capital assets is land. During 2004, 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.

**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.

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
(CONTINUED)

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

**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, 2004, cash and investments consisted of the following:

	2004 <u>Balance</u>
Cash and Cash Equivalents	\$ 91,090
Cash Held as Fiscal Agent	<u>22,454</u>
	<u>\$ 113,544</u>

At year end, the carrying amount of CIC's deposits was \$113,544 and the bank balance was \$113,580. \$100,000 of the bank balance was covered by Federal Depository Insurance. \$13,580 was uninsured and uncollateralized.

NOTE 4: **SUMMARY OF GRANT FUNDING**

The CIC was awarded \$10,000 in grants from the Albert M. Ford Charitable Trust in 2004. The entire amount of the 2004 award was received in 2004.

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.

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
(CONTINUED)

NOTE 6: **PRIOR PERIOD ADJUSTMENTS**

Prior period adjustments were made as follows:

To reclassify assets held as fiscal agent as liabilities rather than as equity at December 31, 2003	\$ (1,073)
To restate liabilities to include real estate taxes due at December 31, 2003	(3,374)
To restate amounts due to the City of Geneva related to and held by the CIC to reflect a reduction in the liability at December 31, 2003	<u>27,402</u>
Total	<u>\$ 22,955</u>

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED 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 (a nonprofit organization) as of and for the year ended December 31, 2004 and have issued our report thereon dated March 21, 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*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considering 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 an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

**Compliance and Other Matters**

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, contracts, and grant agreements, 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*.

We noted certain matters that we reported to the management of the Community Improvement Corporation of Geneva in a separate letter dated March 21, 2005.

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.

James G. Zupka, CPA, Inc.  
Certified Public Accountants

March 21, 2005





**Auditor of State  
Betty Montgomery**

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**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 04, 2005**