



**CENTERVILLE COMMUNITY IMPROVEMENT CORPORATION  
MONTGOMERY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 and 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**CENTERVILLE COMMUNITY IMPROVEMENT CORPORATION  
MONTGOMERY COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Centerville Community Improvement Corporation  
Montgomery County  
100 West Spring Valley Road  
Centerville, Ohio 45458-3759

To the Board of Trustees:

We have audited the accompanying Comparative Balance Sheets of Centerville Community Improvement Corporation, Montgomery County, (the Corporation), as of December 31, 2000 and 1999, and the related Comparative Statements of Revenues, Expenses, and Changes in Retained Earnings and the Comparative Statements of Cash Flows for the years 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 Centerville Community Improvement Corporation, Montgomery County, as of December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 7, the Corporation changed its method of accounting for notes receivable and certain governmental contributions during 1999.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 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

October 2, 2001

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**CENTERVILLE COMMUNITY IMPROVEMENT CORPORATION  
MONTGOMERY COUNTY**

**COMPARATIVE BALANCE SHEETS  
AS OF DECEMBER 31, 2000 AND 1999**

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
<b>Assets:</b>		
Cash	\$ 23,155	\$ 13,131
Notes Receivable (Net of Discounts of \$14,648 and \$18,133, respectively)	<u>61,602</u>	<u>68,117</u>
<b>Total Assets</b>	<u>\$ 84,757</u>	<u>\$ 81,248</u>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities:</b>		
Intergovernmental Payable	\$ 50,000	\$ 50,000
<b>Equity:</b>		
Retained Earnings	<u>34,757</u>	<u>31,248</u>
<b>Total Liabilities and Equity</b>	<u>\$ 84,757</u>	<u>\$ 81,248</u>

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

**CENTERVILLE COMMUNITY IMPROVEMENT CORPORATION  
MONTGOMERY COUNTY**

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES  
IN RETAINED EARNINGS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	<b>2000</b>	<b>1999</b>
<b>Operating Revenues:</b>		
Intergovernmental	\$ 186,629	
Sale of Land	181,629	
Interest	3,485	3,890
Miscellaneous	24	
Total Operating Revenues	371,767	3,890
<b>Operating Expenses:</b>		
Intergovernmental	181,629	
Capital Outlay - Land Purchase	186,629	
Administration		750
Total Operating Expenses	368,258	750
<b>Net Income</b>	3,509	3,140
Retained Earnings at Beginning of Year	31,248	28,108
<b>Retained Earnings at End of Year</b>	<b>\$ 34,757</b>	<b>\$ 31,248</b>

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



**CENTERVILLE COMMUNITY IMPROVEMENT CORPORATION  
MONTGOMERY COUNTY**

**COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	<u>2000</u>	<u>1999</u>
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>		
<b>Cash Flows from Operating Activities:</b>		
Cash Received from City of Centerville	\$ 186,629	
Cash Received from Sale of Land	181,629	
Cash Payments to City of Centerville	(181,629)	
Cash Payments for Purchase of Land	(186,629)	
Cash Paid for Administration		(750)
Other Operating Revenue	<u>24</u>	<u>          </u>
Net Cash Provided By (Used for) Operating Activities	<u>24</u>	<u>(750)</u>
<b>Cash Flows from Investing Activities:</b>		
Cash Received from Note Repayment	<u>10,000</u>	<u>10,417</u>
Net Increase in Cash and Cash Equivalents	10,024	9,667
Cash and Cash Equivalents at Beginning of Year	<u>13,131</u>	<u>3,464</u>
Cash and Cash Equivalents at End of Year	<u>\$ 23,155</u>	<u>\$ 13,131</u>
<b>Reconciliation of Net Income to Net Cash Provided By (Used for) Operating Activities:</b>		
Net Income	3,509	3,140
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Increase in Interest Recievable	<u>(3,485)</u>	<u>(3,890)</u>
Net Cash Provided By (Used for) Operating Activities	<u>\$24</u>	<u>(\$750)</u>

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

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**CENTERVILLE COMMUNITY IMPROVEMENT CORPORATION  
MONTGOMERY COUNTY**

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

**1. DESCRIPTION OF THE CORPORATION AND REPORTING ENTITY**

Centerville Community Improvement Corporation (the Corporation) was incorporated as an Ohio nonprofit corporation for the sole purpose of advancing, encouraging and promoting industrial, economic, commercial and civic development within the City of Centerville, Ohio.

The Corporation is exempt from Ohio taxation pursuant to Ohio Revised Code Section 1702. The Corporation has not, however, filed for their federal tax exempt status.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Centerville Community Improvement Corporation have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Corporation also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The Corporation's more significant accounting policies are described below:

**A. Basis of Presentation**

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the balance sheet. Operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period.

**C. Cash and Cash Equivalents**

The Corporation's assistant treasurer accounts for all monies received and spent by the Corporation. The Corporation had no investments during the period.

**CENTERVILLE COMMUNITY IMPROVEMENT CORPORATION  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. DEPOSITS**

The Corporation had a cash balance of \$23,155 at December 31, 2000, and \$13,131 at December 31, 1999. The bank balances of the Corporation's deposits was \$23,155 at December 31, 2000, and \$13,131 at December 31, 1999, of the bank balance:

- A. \$23,155 was covered by federal deposit insurance at December 31, 2000.
- B. \$13,131 was covered by federal deposit insurance at December 31, 1999.

**4. NOTE RECEIVABLE**

The Corporation periodically advances funds to entities or individuals that meet the development criteria of the City of Centerville. During 1998, the Company advanced \$100,000, jointly to two individuals. The non-interest bearing note is an installment obligation maturing during August, 2008, requiring one hundred and twenty (120) monthly principal payments of \$833. The outstanding balance as of December 31, 2000 was \$61,602 (net discounts of \$14,648) and as of December 31, 1999 was \$68,117 (net discounts of \$18,133).

In the event of default, the entire unpaid balance shall become immediately due and would bear interest at ten (10%) percent.

**5. LONG-TERM OBLIGATION**

The Corporation had a long-term obligation at December 31, 2000 and 1999. This is a demand obligation with Washington Township which is non-interest bearing. The note was issued during May 1997, and is due upon request of Washington Township.

**6. LAND PURCHASE AND SALE**

During the year 2000, the Corporation engaged in both a land purchase and land sale transaction. The City of Centerville contributed \$186,629 to the Corporation during October 2000. Upon receiving these funds, the Corporation immediately paid \$186,629 to Yankee Trace Development, Inc. for a one-half (½) interest in a joint purchase of a specific piece of property with Yankee Trace Development, Inc.; \$5,000 of the amount paid was due to a charge for extending the original land purchase contract. During December 2000, Yankee Trace Development, Inc. purchased the land back from the Corporation for \$181,629. Immediately upon receiving these funds, the Corporation paid \$181,629 back to the City of Centerville.

**CENTERVILLE COMMUNITY IMPROVEMENT CORPORATION  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999  
(Continued)**

**7. ACCOUNTING CHANGES**

The Corporation made two accounting changes, effective January 1, 1999:

Prior to 1999, the Corporation recorded long-term noninterest bearing receivables at the gross value of scheduled future cash payments. Generally accepted accounting principles requires recording these assets at the discounted present value of the future cash payments.

Prior to 1999, the Corporation reflected \$50,000 received from the City of Centerville as a liability. The Corporation has since determined that this amount does not require repayment, and has reclassified this amount to retained earnings.

Retained earnings previously reported at December 31, 1998	\$ 131
Discount at December 31, 1998	(22,023)
Governmental contribution	<u>50,000</u>
Retained earnings, restated as of January 1, 1999	\$ 28,108

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

Centerville Community Improvement Corporation  
Montgomery County  
100 West Spring Valley Road  
Centerville, Ohio 45458-3759

To the Board of Trustees:

We have audited the financial statements of the Centerville Community Improvement Corporation, Montgomery County (the Corporation), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated October 2, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-50357-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Corporation in a separate letter dated October 2, 2001.

**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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Corporation in a separate letter dated October 2, 2001.

**Internal Control Over Financial Reporting  
(Continued)**

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

**Jim Petro**  
Auditor of State

October 2, 2001



**CENTERVILLE COMMUNITY IMPROVEMENT CORPORATION  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
FOR YEARS ENDED DECEMBER 31, 2000 AND 1999**

**FINDING NUMBER 2000-50357-001**

26 Code of Federal Regulation Section 1.6012-2 states (a) In general--(1) Requirement of return. Except as provided in paragraphs (e) and (g)(1) of this section with respect to charitable and other organizations having unrelated business income and to certain foreign corporations, respectively, every corporation, as defined in section 7701(a)(3), subject to taxation under subtitle A of the Code shall make a return of income regardless of whether it has taxable income or regardless of the amount of its gross income.

The Corporation did not file Form 1120 with the IRS for the years 2000 or 1999. The Corporation should also file application with the IRS for tax exempt status. Tax exempt status would avoid the Corporation paying taxes in years the Corporation recorded a net income. To comply with the abovementioned Federal Regulation, the Corporation should annually file Form 1120 with the IRS.





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**CENTERVILLE COMMUNITY IMPROVEMENT CORPORATION**

**MONTGOMERY 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 8, 2001**