

**COMMUNITY IMPROVEMENT CORPORATION
OF SPRINGFIELD AND CLARK COUNTY, OHIO**

Financial Statements

August 31, 2002 and 2001

with

Independent Auditors' Report



**Auditor of State
Betty Montgomery**

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Board of Trustees
Community Improvement Corporation of Springfield and Clark County
Springfield, Ohio

We have reviewed the Independent Auditor's Report of the Community Improvement Corporation of Springfield and Clark County prepared by Clark, Schaefer, Hackett & Co., for the audit period September 1, 2001 through August 31, 2002. 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 Springfield and Clark County is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

February 24, 2003

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**COMMUNITY IMPROVEMENT CORPORATION OF SPRINGFIELD
AND CLARK COUNTY, OHIO**

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Independent Auditors' Report

Boards of Trustees
Community Improvement Corporation of Springfield and
Clark County, Ohio

We have audited the accompanying combined statements of financial position of Community Improvement Corporation of Springfield and Clark County, Ohio as of August 31, 2002 and 2001 and the related combined statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Community Improvement Corporation of Springfield and Clark County, Ohio'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 the 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 Springfield and Clark County, Ohio, at August 31, 2002 and 2001, and the changes in its net assets and its cash flows for the years 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 December 20, 2002, on our consideration of Community Improvement Corporation of Springfield and Clark County, Ohio 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 Audit Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedules of program activities and changes in net assets and general operating and administration expenses are presented for purposes of additional analysis and are not a required part of the financial statements of Community Improvement Corporation of Springfield and Clark County, Ohio. The information in these schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

As discussed in Note 1, the accompanying 2001 financial statements have been restated.

Clark, Schaefer, Hackett & Co.
Springfield, Ohio
December 20, 2002

**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**

Combined Statements of Financial Position

August 31, 2002 and 2001

	<u>Assets</u>	
	<u>2002</u>	<u>(Restated) 2001</u>
Current assets:		
Cash	\$ 672,396	769,499
Cash designated for projects	75,790	52,941
Certificates of deposit	112,438	490,488
Other receivables	<u>11,747</u>	<u>24,474</u>
Total current assets	<u>872,371</u>	<u>1,337,402</u>
Property and equipment:		
Office furniture, equipment and vehicles	99,143	110,865
Less accumulated depreciation	<u>53,391</u>	<u>66,257</u>
Net property and equipment	<u>45,752</u>	<u>44,608</u>
Other assets:		
Long term investments	292,325	274,055
Industrial park development, at cost basis	<u>358,403</u>	<u>358,403</u>
	<u>650,728</u>	<u>632,458</u>
Total assets	<u>\$ 1,568,851</u>	<u>2,014,468</u>
	<u>Liabilities</u>	
Current liabilities:		
Accounts payable	\$ 77,819	56,472
Other liabilities	<u>292,325</u>	<u>254,055</u>
	<u>370,144</u>	<u>310,527</u>
Long-term liabilities:		
Note payable, development property	<u>43,870</u>	<u>43,870</u>
Total liabilities	<u>414,014</u>	<u>354,397</u>
	<u>Net Assets</u>	
Unrestricted	<u>1,154,837</u>	<u>1,660,071</u>
Total liabilities and net assets	<u>\$ 1,568,851</u>	<u>2,014,468</u>

See accompanying notes to the financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**
Combined Statements of Activities and Changes in Net Assets
Years Ended August 31, 2002 and 2001

	2002	(Restated) 2001
Revenues:		
Gain on sale of land and building	\$ -	99,764
Gain on sale of property and equipment	5,720	-
Fees and services	19,284	25,028
Interest	111,705	144,626
Prime Ohio, fees	<u>364,845</u>	<u>368,519</u>
Total revenues	<u>501,554</u>	<u>637,937</u>
Expenses:		
General operating	360,474	314,340
Administration and depreciation	281,469	264,860
Prime Ohio, services	<u>364,845</u>	<u>368,519</u>
Total expenses	<u>1,006,788</u>	<u>947,719</u>
Decrease in net assets	(505,234)	(309,782)
Net assets, beginning of year	<u>1,660,071</u>	<u>1,969,853</u>
Net assets, end of year	\$ <u>1,154,837</u>	<u>1,660,071</u>

See accompanying notes to the financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**

Combined Statements of Cash Flows
Years Ended August 31, 2002 and 2001

	<u>2002</u>	<u>(Restated) 2001</u>
Cash flows from operating activities:		
Change in net assets	\$ (505,234)	(309,782)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Gain on sale of land and building	-	(99,764)
Gain on sale of property and equipment	(5,720)	-
Depreciation	9,474	7,241
Effects of change in operating assets and liabilities:		
Decrease (increase) in other receivables	12,727	(5,763)
Decrease in other assets	-	4,000
Increase in accounts payable	21,347	7,743
Increase in other liabilities	<u>38,270</u>	<u>27,057</u>
Net cash used by operating activities	<u>(429,136)</u>	<u>(369,268)</u>
 Cash flows from investing activities:		
Increase in long-term investments	(18,270)	(17,057)
Purchase of certificates of deposit	(112,438)	(392,163)
Purchase of land	-	(299,574)
Proceeds from the sale of fixed assets	6,623	-
Proceeds from land sales	-	735,000
Proceeds from certificate of deposits	490,488	241,671
Development costs related to industrial park	-	(7,048)
Capital expenditure	<u>(11,521)</u>	<u>(6,654)</u>
Net cash provided by investing activities	<u>354,882</u>	<u>254,175</u>
 Decrease in cash	(74,254)	(115,093)
 Cash, beginning of year	<u>822,440</u>	<u>937,533</u>
 Cash, end of year	\$ <u>748,186</u>	<u>822,440</u>
 Represented by:		
Cash	\$ 672,396	769,499
Cash designated for projects	<u>75,790</u>	<u>52,941</u>
	\$ <u>748,186</u>	<u>822,440</u>
 Income taxes paid	\$ <u>-</u>	<u>-</u>
 Interest paid	\$ <u>-</u>	<u>-</u>

See accompanying notes to the financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**

Notes to the Financial Statements

August 31, 2002 and 2001

1. Summary of Significant Accounting Policies:

The following accounting principles and practices of the Corporation are set forth to facilitate the understanding of data presented in the financial statements:

Organization

Community Improvement Corporation of Springfield and Clark, County, Ohio (the Corporation) is a not-for-profit corporation whose purpose is to promote industrial and economic development in Springfield and Clark County, Ohio.

Financial statement presentation

These financial statements have been prepared on the accrual basis of accounting in accordance with Statement of Financial Accounting Standards (SFAS) No. 117 *Financial Statements for Not-For-Profit Organizations*. SFAS No. 117 requires net assets and revenues, expenses, gains and losses to be classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Unrestricted, temporarily restricted and permanently restricted. The Corporation has only unrestricted net assets at August 31, 2002 and 2001.

Income taxes

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code on income arising from normal operations. The Corporation has been liable for income tax on its unrelated business income in excess of related expenses in past years. During the current year, the Corporation has no unrelated business income.

Property and depreciation

Property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives (five to eight years) of the respective assets. Depreciation for fiscal year 2002 and 2001 was \$9,474 and \$7,241, respectively.

Cash

For purposes of the statement of cash flows, the Corporation considers cash on hand and in demand accounts with a maturity of 90 days or less to be cash.

**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**

Notes to the Financial Statements
August 31, 2002 and 2001

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 amounts 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.

Restatement

The Company has restated its financial statements for the fiscal year ended August 31, 2001 to expense infrastructure assets associated with the development of Prime Ohio that should have been expensed during that year and previously. These infrastructure assets have been dedicated to the City of Springfield and are no longer assets of the organization. Accordingly, restating the 2001 financial statement resulted in the following:

Total assets as previously recorded at August 31, 2001	\$ 2,832,721
Infrastructure assets expensed	<u>(818,253)</u>
Total assets as restated August 31, 2001	\$ <u>2,014,468</u>
Net assets are previously recorded at August 31, 2001	\$ 2,478,324
Infrastructure assets associated with fiscal year end August 31, 2001	(335,662)
Infrastructure assets associated with years prior to August 31, 2001	<u>(482,591)</u>
Net assets as restated August 31, 2001	\$ <u>1,660,071</u>

2. Cash Designated for Projects:

Cash on deposit at August 31, 2002 and 2001, held for projects is as follows:

	<u>2002</u>	<u>2001</u>
Due to Clark County - Economic Development		
Incentive Fund	\$ 36,036	35,121
Small Business Development Corporation	24,852	17,820
National trails and Parks Recreation Department	<u>14,902</u>	<u>-</u>
	\$ <u>75,790</u>	<u>52,941</u>

All monies are maintained in segregated interest bearing bank accounts.

3. Long-term Investments:

The Corporation has purchased annuities on the lives of key staff to fund the contractual obligation as described in Note 4. The present value of the annuities is reported in the financial statements as Long-term Investments.

**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**

Notes to the Financial Statements
August 31, 2002 and 2001

4. Contractual Obligation:

The Corporation is obligated to pay the above annuities to the participants in the program. At August 31, 2002, the net obligation to the participants is the present value of the annuities.

5. Note Payable:

A summary of note payable at August 31, 2002 and 2001 is as follows:

	<u>2002</u>	<u>2001</u>
Non-interest bearing note payable to City of Springfield, due January 2009.	\$ <u>43,870</u>	<u>43,870</u>

The following is a schedule of the future debt annual obligation:

Fiscal year end August 31, 2010	\$ <u>43,870</u>
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The note payable is recorded at face value because the present value adjustment of the obligation is not material to the financial statements.

6. Administrative Expenses:

The Springfield Clark County Chamber of Commerce (Chamber) furnishes administrative services to the Corporation. Costs incurred by the Chamber on behalf of the Corporation include salaries and benefits and occupancy and other related office expenses. The Corporation reimbursed the Chamber for these services in the amount of \$271,995 and \$257,619 for 2002 and 2001, respectively.

7. Concentration of Risk:

At times throughout the year, the Corporation may have deposits at financial institutions in excess of FDIC limits.

The Corporation's operations are dependent upon the general economic conditions of Springfield and Clark County, Ohio.

8. Continuing Options Obligations:

The Corporation continues to renew several purchase option agreements that are charged to operations currently, subsequent to August 31, 2002. The options are for 351 acres with a purchase price of \$3,253,864. These options may be terminated at managements' discretion.

Additional Information

COMMUNITY IMPROVEMENT CORPORATION OF SPRINGFIELD

CLARK COUNTY, OHIO

Schedules of Program Activities and Changes in Net Assets
Years Ended August 31, 2002 and 2001

	Operating	Industrial Park Fund		2002 Total	Operating	Industrial Park Fund		(Restated) 2001 Total
		2002	2001			2002	2001	
Revenues:								
Interest income	\$ 66,193	45,512	45,512	111,705	80,151	64,475	64,475	144,626
Miscellaneous	-	17,559	17,559	17,559	-	23,303	23,303	23,303
Prime Ohio, fees	364,845	-	-	364,845	368,519	-	-	368,519
Sale of property and equipment	-	5,720	5,720	5,720	-	-	-	-
Sale of land and building	-	-	-	-	-	99,764	99,764	99,764
Farm lease	-	1,725	1,725	1,725	-	1,725	1,725	1,725
Reimbursement - Pentaflex	-	-	-	-	-	-	-	-
Reimbursement - Add ons	-	-	-	-	-	-	-	-
Total revenues	431,038	70,516	501,554	448,670	189,267	637,937		
Expenses:								
General	234,186	126,288	360,474	187,831	126,509	314,340		
Prime Ohio, services	-	364,845	364,845	-	368,519	368,519		
Administration	271,995	-	271,995	257,619	-	257,619		
Depreciation	8,758	716	9,474	6,038	1,203	7,241		
Total expenses	514,939	491,849	1,006,788	451,488	947,719	947,719		
Decrease in net assets	(83,901)	(421,333)	(505,234)	(2,818)	(306,964)	(309,782)		
Net assets, beginning of year	237,684	1,422,387	1,660,071	240,502	1,729,351	1,969,853		
Net assets, end of year	\$ 153,783	1,001,054	1,154,837	237,684	1,422,387	1,660,071		

**COMMUNITY IMPROVEMENT CORPORATION OF
SPRINGFIELD AND CLARK COUNTY, OHIO**
Schedules of General Operating and Administration Expenses
August 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
General operating:		
Development and options	\$ 121,645	157,067
Project expenses	10,000	6,786
Real estate taxes and insurance	3,340	-
Bank fees - CIC	190	180
Spec VI - expenses	-	175
I-675 project	(2,531)	4,875
State and national meetings	2,030	1,214
Staff training development and retreats	-	10,000
Employee benefits	38,270	27,057
Auto expenses	1,529	4,980
Economic development trips	1,906	4,391
Dues and periodicals	200	427
Miscellaneous economic development	894	6,059
Severance expense	100,000	-
Marketing	13,723	15,778
Bank fees - Prime Ohio	254	15
Investment fees	249	389
Professional fees	-	369
Maintenance and storage	1,189	2,144
Owners Association expenses - Prime Ohio	16,845	22,004
Owners Association fee - Prime Ohio	3,641	2,530
Operations	<u>47,100</u>	<u>47,900</u>
	\$ <u>360,474</u>	<u>314,340</u>
Administration:		
Administration fee	\$ 271,995	257,619
Depreciation	<u>9,474</u>	<u>7,241</u>
	\$ <u>281,469</u>	<u>264,860</u>

See independent auditors' report.

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Independent Auditors' Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Board of Trustees
Community Improvement Corporation of Springfield and Clark County, Ohio

We have audited the financial statements of Community Improvement Corporation of Springfield and Clark County, Ohio, as of and for the years ended August 31, 2002 and 2001, and have issued our report thereon dated December 20, 2002. We conducted our audits in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Community Improvement Corporation of Springfield and Clark County, Ohio'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 of the determination of financial statement amounts. However, providing an opinion of 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 Community Improvement Corporation of Springfield and Clark County, Ohio'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 solely for the information and use of the Board of Trustees, management, others within the Agency and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.
Springfield, Ohio
December 20, 2002

**COMMUNITY IMPROVEMENT CORPORATION OF SPRINGFIELD AND
CLARK COUNTY, OHIO**
Schedule of Findings
August 31, 2002 and 2001

1. Summary of Auditors' Results

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Were there any reported non-compliance at the financial statement level (GAGAS)?	No

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

- NONE -

**COMMUNITY IMPROVEMENT CORPORATION OF SPRINGFIELD AND
CLARK COUNTY, OHIO**
Schedule of Prior Audit Findings
August 31, 2002 and 2001

- NONE -



**Auditor of State
Betty Montgomery**

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COMMUNITY IMPROVEMENT CORPORATION OF SPRINGFIELD AND CLARK COUNTY

CLARK 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
MARCH 6, 2003**