



**Auditor of State  
Betty Montgomery**



**RITTMAN COMMUNITY IMPROVEMENT CORPORATION  
WAYNE COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Rittman Community Improvement Corporation  
Wayne County  
30 N. Main Street  
Rittman, Ohio 44270

To the Board of Trustees:

We have audited the accompanying financial statements of the Rittman Community Improvement Corporation, Wayne County, Ohio, (the Corporation) as of and for the years ended December 31, 2002 and 2001. 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 Corporation as of December 31, 2002 and 2001, and the changes in its net assets and its cash flows for the years then ended in accordance 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 27, 2003 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.

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

**Betty Montgomery**  
Auditor of State

March 27, 2003

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**RITTMAN COMMUNITY IMPROVEMENT CORPORATION  
WAYNE COUNTY**

**BALANCE SHEETS  
AS OF DECEMBER 31, 2002 AND 2001**

	<b>2002</b>	<b>2001</b>
<b>Assets</b>		
Current assets:		
Cash	\$219,441	\$194,633
Prepaid insurance	69	71
Accrued interest	431	204
Total Current Assets	219,941	194,908
Noncurrent assets:		
Land	35,000	35,000
Building	25,000	25,000
Donated real property	140,000	140,000
Less: accumulated depreciation	(10,464)	(9,887)
Total Noncurrent Assets	189,536	190,113
Total Assets	<u>\$409,477</u>	<u>\$385,021</u>
 <b>Liabilities and Net Assets</b>		
Current liabilities		
Loan payable	\$25,000	\$0
Total Net Assets - Unrestricted	384,477	385,021
Total Liabilities and Net Assets	<u>\$409,477</u>	<u>\$385,021</u>

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

**RITTMAN COMMUNITY IMPROVEMENT CORPORATION  
WAYNE COUNTY**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	<b>2002</b>	<b>2001</b>
<b>Unrestricted Revenue</b>		
Rental income	\$1,800	\$1,800
Land rent	2,647	2,648
Interest	5,747	5,117
Gain on sale of property		46,000
Total unrestricted revenue	10,194	55,565
 <b>Unrestricted Expenses</b>		
Rent		5,625
Insurance	152	84
Real estate taxes		2,308
Settlement charges		986
Professional fees	7,701	350
Repairs		359
Dues	700	
Advertising	800	
Depreciation	577	577
Other	808	2,236
Total unrestricted expenses	10,738	12,525
Increase (decrease) in net assets	(544)	43,040
Net assets at beginning of year	385,021	341,981
Net assets at end of year	\$384,477	\$385,021

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



**RITTMAN COMMUNITY IMPROVEMENT CORPORATION  
WAYNE COUNTY**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	<b>2002</b>	<b>2001</b>
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets	(\$544)	\$43,040
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	577	577
Gain on sale of property		(46,000)
(Increase) decrease in assets:		
Prepaid expense	2	(71)
Accrued interest	(227)	(204)
Net cash provided (used) by operating activities	(192)	(2,658)
Cash Flows from Investing Activities		
Proceeds from sale of property		145,000
Cash Flows from Financing Activities		
Proceeds of loan	25,000	
Net increase in cash	24,808	142,342
Cash at beginning of year	194,633	52,291
Cash at end of year	\$219,441	\$194,633

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

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**RITTMAN COMMUNITY IMPROVEMENT CORPORATION  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Rittman Community Improvement Corporation, Wayne County, Ohio, (the Corporation) is a not-for-profit corporation established under Ohio Rev. Code, Section 1724, for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial, and civic development in the City of Rittman. The Corporation was originally incorporated in 1978.

**B. Basis of Accounting**

The Corporation follows Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Corporation 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. In addition, the Corporation is required to present a Statement of Cash Flows.

**C. Fixed Assets**

Fixed assets are capitalized at cost. Donated fixed assets are recorded at their fair market value as of the date received. Maintenance and repairs are charged to expense as incurred.

Depreciation of the building is computed using the straight-line method over an estimated useful life of 39 years. Depreciation expense for 2002 and 2001 was \$577 per year.

**D. Income Tax Status**

As of December 31, 2002, the Corporation has not obtained status as a tax exempt organization under Internal Revenue Code Section 501(c)(3), and is currently being reviewed by management. Should the Corporation fail to obtain federal tax-exempt status, it will be subject to federal income tax, the effect of which has not been assessed. By virtue of Ohio law, the Corporation is not subject to Ohio income taxes.

**E. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

**RITTMAN COMMUNITY IMPROVEMENT CORPORATION  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**2. DEPOSITS**

The carrying amount of the Corporation's deposits were as follows:

	<u>2002</u>	<u>2001</u>
Demand deposits	\$8,463	\$6,107
Certificates of deposit	<u>210,978</u>	<u>188,526</u>
Total	<u><u>\$219,441</u></u>	<u><u>\$194,633</u></u>

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. DEBT**

Debt outstanding at December 31, 2002, is a Community Development Loan through Wayne County, and is part of the Wayne County Community Development Revolving Loan Program. Principal outstanding at December 31, 2002 was \$25,000, and bears a zero percent interest rate. The loan is due on or before October 25, 2006.

**4. RISK MANAGEMENT**

The Corporation is uninsured for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**5. MANAGEMENT SERVICES**

Management services to the Corporation are provided by employees of the City of Rittman. No value to these services have been assigned in the accompanying financial statements.

**6. RENTALS**

The rental income of \$1,800 in 2002 and 2001 resulted from the Corporation's lease of property and a building to a developer for restaurant purposes. The lease agreement, which is valid through June 30, 2005, requires monthly rental payments of \$150 and has a provision to be renewed for 4 years at the agreed upon higher rental rate.

The land rent of \$2,647 and \$2,648 in 2002 and 2001, respectively resulted from certain utility easements and temporary rental of land to local businesses.



**Auditor of State  
Betty Montgomery**

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

Rittman Community Improvement Corporation  
Wayne County  
30 N. Main Street  
Rittman, Ohio 44270

To the Board of Trustees:

We have audited the accompanying financial statements of the Rittman Community Improvement Corporation, Wayne County, Ohio, (the Corporation) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 27, 2003. 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. However, we noted another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Corporation in a separate letter dated March 27, 2003.

Rittman Community Improvement Corporation  
Wayne County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 27, 2003



**Auditor of State  
Betty Montgomery**

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**RITTMAN COMMUNITY IMPROVEMENT CORPORATION**

**WAYNE 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  
JUNE 12, 2003**