

**COMMUNITY IMPROVEMENT CORPORATION
OF WILMINGTON**

FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

with

INDEPENDENT AUDITORS' REPORT

and

SUPPLEMENTARY SCHEDULES



**Auditor of State
Betty Montgomery**

Board of Directors
Community Improvement Corporation of Wilmington
145 N. South Street
Wilmington, Ohio 45177

We have reviewed the Independent Auditor's Report of the Community Improvement Corporation of Wilmington, Clinton County, prepared by Wagenseller, Foley, Hollingsworth & Co., for the audit period January 1, 2001 through December 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 Wilmington is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

October 16, 2003

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WAGENSELLER, FOLEY, HOLLINGSWORTH & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Community Improvement Corporation of Wilmington
Wilmington, Ohio 45177

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of financial position of Community Improvement Corporation of Wilmington as of December 31, 2002 and 2001, and the related statements of activities and changes in net assets and 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 Community Improvement Corporation of Wilmington as of December 31, 2002 and 2001, and its activities and changes in net assets and 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 April 24, 2003, on our consideration of Community Improvement Corporation of Wilmington internal control over financial reporting. 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 farming activities are presented for purposes of additional analysis and are not a required part of the financial statements of Community Improvement Corporation of Wilmington. 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.

Wagenseller, Foley, Hollingsworth & Co.

April 24, 2003

COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON Exhibit A
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2002 AND 2001

ASSETS

	<u>2002</u>	<u>2001</u>
CURRENT ASSETS		
Cash and equivalents (Note 2)	\$ 293,891	\$ 229,400
Certificates of deposit (Note 3)	232,578	667,245
Price-later grain receivable (Note 5)	3,622	-
Prepaid expenses	<u>-</u>	<u>1,614</u>
Total current assets	<u>530,091</u>	<u>898,259</u>
EQUIPMENT		
Industrial park sign (Note 6)	-	30,712
Less accumulated depreciation	<u>-</u>	<u>29,974</u>
Net equipment	<u>-</u>	<u>738</u>
OTHER ASSETS		
Certificates of deposit (Note 3)	387,687	274,143
Industrial park land and improvements (Notes 7 and 8)	<u>1,127,679</u>	<u>870,633</u>
	<u>1,515,366</u>	<u>1,144,776</u>
	<u>\$ 2,045,457</u>	<u>\$ 2,043,773</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 1,489	\$ 1,231
Accrued payroll and related costs	<u>4,533</u>	<u>5,875</u>
Total current liabilities	<u>6,022</u>	<u>7,106</u>
NET ASSETS		
Unrestricted Net Assets - Exhibit B	<u>2,039,435</u>	<u>2,036,667</u>
	<u>\$ 2,045,457</u>	<u>\$ 2,043,773</u>

See Notes to Financial Statements

COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON Exhibit B
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
REVENUES:		
Interest income	\$ 42,204	\$ 69,459
Net income from farming activities - Schedule 1	4,424	10,530
Other	<u>5,500</u>	<u>-</u>
Total revenues received	<u>52,128</u>	<u>79,989</u>
EXPENSES:		
Carrying value of gifted property	573	1,241
Executive director's salary	21,000	21,000
Payroll taxes and fringe benefits	2,528	1,959
Insurance	3,595	4,348
Survey costs	563	750
Professional fees	12,913	8,118
Consultants	2,550	1,125
Real estate taxes	1,150	1,761
Depreciation	164	329
Conferences and meetings	2,145	1,021
Office supplies and postage	546	481
Telephone	377	343
Payroll services	112	100
Travel expenses	489	424
Other	<u>655</u>	<u>697</u>
Total expenditures paid	<u>49,360</u>	<u>43,697</u>
CHANGE IN NET ASSETS - Before cumulative effect of accounting change	2,768	36,292
Cumulative effect of changing to the accrual method of accounting (Note 4)	<u>-</u>	<u>(1,798)</u>
CHANGE IN NET ASSETS	2,768	34,494
NET ASSETS - January 1	<u>2,036,667</u>	<u>2,002,173</u>
NET ASSETS - December 31	<u>\$ 2,039,435</u>	<u>\$ 2,036,667</u>

See Notes to Financial Statements

COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON Exhibit C
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,768	\$ 34,494
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Carrying value of gifted property	573	1,241
Depreciation	164	329
Effects of change in operating assets and liabilities:		
Decrease (increase) in price-later grain receivables	(3,622)	-
Decrease (increase) in prepaid expenses	1,614	(1,614)
Increase (decrease) in accounts payable	258	1,231
Increase (decrease) in accrued payroll	(1,341)	5,338
	414	41,019
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Development costs related to industrial park	(257,046)	(215,565)
Purchase of certificates of deposit	(150,000)	(250,000)
Proceeds from certificates of deposit	471,123	471,958
	64,077	6,393
 INCREASE IN CASH AND EQUIVALENTS	64,491	47,412
 CASH AND EQUIVALENTS - January 1	229,400	181,988
 CASH AND EQUIVALENTS - December 31	\$ 293,891	\$ 229,400

See Notes to Financial Statements

COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Community Improvement Corporation of Wilmington is presented to assist in understanding the Corporation's financial statements. The financial statements and notes are representations of the Corporation's management, who are responsible for their integrity and objectivity.

Organization

The Community Improvement Corporation of Wilmington is a not-for-profit organization exempt from income tax under Section 501(c)(6) of the U. S. Internal Revenue Code. The Corporation was formed to cultivate and promote industrial development in the Wilmington, Ohio area.

Financial Statement Presentation

These financial statements have been prepared on the accrual basis of accounting in accordance with Statement of Financial Accounting Standards Number 117 (SFAS 117) *Financial Statements for Not-For-Profit Organizations*. SFAS 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 unrestricted, temporarily restricted and permanently restricted. All of the Corporation's assets and revenues are unrestricted.

Use of Estimates in the Preparation of Financial Statements

In preparing financial statements, management must make estimates and assumptions. These estimates and assumptions affect the amounts reported for assets, liabilities, revenues and expenses, as well as affecting the disclosures provided. Future results could differ from the current estimates.

Cash and Equivalents

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.

Price-Later Grain Receivable

Grain delivered to the elevator without a fixed price (price-later contracts) is valued at the elevator bid price to the producer (net of related service fees) as of the statement of financial position date. The ownership of the related grain passes to the elevator when the price-later contract is executed.

Fair Value of Financial Instruments

The carrying value of time deposits approximates fair market value because of the relatively short maturity of those instruments.

Industrial Park Land and Improvements

Industrial park land and improvements held for resale are stated at cost (average cost method) and depreciation is not recognized.

Expenditures for improvements (water lines, streets, utilities, etc.) are capitalized by spreading the cost of the improvements over all of the land remaining in the unsold land inventory at the date of the expenditure.

Depreciation

The Corporation recognizes depreciation on equipment under the straight-line method over the estimated service lives of the related assets.

Farming Activities

The Corporation participates with a local agricultural producer in farming its tillable undeveloped land. The Corporation provides the land and the producer provides the labor and management of the farming activity. The cost of inputs such as fertilizer, seed and chemicals, the cost of machine work, and the resulting revenues are shared equally by the Corporation and the producer.

Beginning in 2003, the tillable land will be rented to a producer for a period not to exceed two years.

See Independent Auditors' Report

COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

2. Cash and Equivalents

Cash and equivalents consisted of the following at December 31, 2002 and 2001:

	2002	2001
Interest bearing demand account	\$ 9,479	\$ 24,309
Money market demand account	284,412	205,091
	\$ 293,891	\$ 229,400

3. Certificates of deposit

The following is a summary of time deposits held at December 31, 2002 and 2001:

Financial Institution	Maturity Date	Interest Rate	2002 Amount	2001 Amount
National Bank & Trust Company	October 26, 2003	3.45%	\$ 50,000	\$ -
National Bank & Trust Company	October 28, 2003	2.62%	80,000	-
National Bank & Trust Company	March 18, 2004	3.94%	90,000	-
National Bank & Trust Company	July 18, 2004	4.89%	10,717	10,207
National Bank & Trust Company	August 9, 2004	4.89%	10,673	10,164
National Bank & Trust Company	March 24, 2005	3.94%	10,386	-
National Bank & Trust Company	February 14, 2002	7.02%	-	16,662
National Bank & Trust Company	February 26, 2002	5.37%	-	256,545
National Bank & Trust Company	March 12, 2002	7.02%	-	38,655
National Bank & Trust Company	March 14, 2002	7.02%	-	55,222
National Bank & Trust Company	April 20, 2002	5.08%	-	80,000
National Bank & Trust Company	September 24, 2002	3.79%	-	10,095
Wilmington Savings Bank	January 19, 2003	4.31%	42,588	40,792
Wilmington Savings Bank	August 5, 2003	4.50%	59,990	57,351
Wilmington Savings Bank	February 28, 2004	3.56%	103,039	-
Wilmington Savings Bank	August 23, 2004	4.64%	56,985	54,401
Wilmington Savings Bank	September 24, 2004	4.50%	105,887	101,228
Wilmington Savings Bank	January 31, 2002	6.77%	-	29,002
Wilmington Savings Bank	February 25, 2002	5.50%	-	181,064
Total			620,265	941,388
Less current maturities			232,578	667,245
			\$ 387,687	\$ 274,143

The Corporation's deposits with the National Bank & Trust Company and the Wilmington Savings Bank exceed federally insured limits. The Corporation does not limit the maximum amount that may be invested in any one bank and has not experienced any losses in such accounts.

See Independent Auditors' Report

COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

4. Change in Accounting Method

In 2001, the Corporation changed from a modified cash basis of accounting to the accrual method under the guidance of the Office of the Auditor of the State of Ohio. The cumulative effect of changing to the accrual method was a reduction in net assets of \$1,798.

5. Price-Later Grain Receivable

The price-later soybean contract is valued at the actual March 25, 2003 settlement price, net of related drying, storage and other fees assessed by the elevator.

6. Industrial Park Sign

The ownership of the industrial park sign was transferred to ABX Air, Inc. during July of 2002. The sign which has been maintained by the Corporation since 1989, was situated on land owned by ABX Air, Inc. and had a net carrying value of \$573 on the date of the transfer

7. Industrial Park Land and Improvements

During March of 2002, the Corporation purchased 45.05 acres of industrial park land at an average cost of about \$5,612 per acre. The land is undeveloped and will be cash rented for farming over the next few years.

Approximately \$4,222 of clearing and tiling costs were capitalized during the year ending December 31, 2002.

The extension of Davids Drive through the Corporation's land was completed in July of 2001. The extension was financed by a joint venture of the Corporation with the City of Wilmington and Clinton County at a total cost (including engineering) of approximately \$720,000. The Corporation paid \$201,565, in complete satisfaction of its commitment to the joint venture and capitalized the investment as an improvement to the industrial park land.

The final \$14,000 billing associated with the clearing of approximately 24 acres of woodlands was capitalized during the year ending December 31, 2001.

8. Gift of Land and Other Matters

During 2002 the Corporation's Executive Director and Board of Directors worked with the Clinton County YMCA on developing a new facility on 15 acres of industrial park land. The proposed 15 acre site would be gifted to the YMCA by the Corporation with construction expected to begin within the next four years.

Early in 2003, the YMCA notified the Corporation's Executive Director that they had accepted an offer of land at another location.

During 2002 the Corporation acted as an agent for Clinton County in the transfer of land from the County Commissioners to the Clinton Memorial Hospital Foundation.

During September of 2001 the Corporation gifted approximately 0.268 acres of land to Wilmington College to provide a right of way to their land from the newly completed Davids Drive extension.

9. Cash Farm Lease with Related Party

The Corporation let competitive bids for cash renting roughly 145 acres for agricultural production for the two years ending December 31, 2004. The son in-law of the Corporation's Executive Director offered the high bid of \$117.75 per acre and was awarded the contract on December 15, 2002.

10. Subsequent Events

The Corporation reached agreement to sell Dash Logistics, Inc. 2.265 acres of land for \$40,000 during January of 2003.

COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON Schedule 1
SCHEDULES OF FARMING ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
FARM REVENUES:		
Sales of grain:		
Corn	\$ 8,215	\$ 7,949
Soybeans	6,756	2,869
Wheat	-	1,720
Less discounts and fees	(827)	(208)
Government program payments	<u>254</u>	<u>3,865</u>
Total farm revenues	<u>14,398</u>	<u>16,195</u>
FARM EXPENSES:		
Fertilizer	3,520	1,938
Chemicals	2,131	1,213
Seed	2,458	1,276
Machine hire:		
Combining	1,150	788
Spreading and spraying	508	238
Miscellaneous	<u>207</u>	<u>212</u>
Total farm expenses	<u>9,974</u>	<u>5,665</u>
NET INCOME FROM FARMING ACTIVITIES	<u><u>\$ 4,424</u></u>	<u><u>\$ 10,530</u></u>

See Notes to Financial Statements

WAGENSELLER, FOLEY, HOLLINGSWORTH & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Community Improvement Corporation of Wilmington
Wilmington, Ohio 45177

**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***

We have audited the financial statements of Community Improvement Corporation of Wilmington, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 24, 2003. 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 Wilmington'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 and 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 Wilmington'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 Directors and the Executive Director, and is not intended to be and should not be used by anyone other than these specified parties.

Wagenseller, Foley, Hollingsworth & Co.

April 24, 2003



**Auditor of State
Betty Montgomery**

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COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON

CLINTON 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 6, 2003**