



**JACKSON CENTER COMMUNITY IMPROVEMENT CORPORATION
SHELBY COUNTY**

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**JACKSON CENTER COMMUNITY IMPROVEMENT CORPORATION
SHELBY COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Jackson Center Community Improvement Corporation
Shelby County
P.O. Box 669
Jackson Center, Ohio 45334-0669

To the Board of Trustees:

We have audited the accompanying general-purpose financial statements of the Jackson Center Community Improvement Corporation, Shelby County, (the Corporation) as of and for the years ended December 31, 2000 and December 31, 1999. These general-purpose financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these general-purpose 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.

The Corporation's 1999 and 2000 general purpose financial statements do not include amounts recorded for interest payable and accrued interest expense. Had these amounts been included in the financial statements, liabilities and expenses would increase by \$4,439 and \$4,053 for 1999. For 2000, the amounts would increase by \$4,431 and \$4,431.

The Corporation's 1999 and 2000 notes to the general purpose financial statements omit certain disclosures required by accounting principles generally accepted in the United States of America.

The Corporation improperly classified the 1999 and 2000 cash flow statements. Presentation of such statements summarizing the Corporation's operating, noncapital and capital related financing and investing activities is required by accounting principles generally accepted in the United States of America.

In our opinion, except for the omission of accrued interest expense and interest payable and except for certain disclosures required by accounting principles generally accepted in the United States of America, the financial statements referred to above, present fairly in conformity with accounting principles generally accepted in the United States of America, the financial position of Jackson Center Community Improvement Corporation, Shelby County, as of December 31, 2000 and December 31, 1999, and the results of its operations and its cash flows of its proprietary fund for the years then ended.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 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

July 17, 2001

**JACKSON CENTER COMMUNITY IMPROVEMENT CORPORATION
SHELBY COUNTY**

**BALANCE SHEET
AS OF DECEMBER 31, 2000**

ASSETS:

Cash - checking	\$19,953
Cash - savings	6,424
Certificate of Deposit (Note 1)	<u>14,784</u>
Current Assets	41,161
Land and Building at Cost (Note 2)	346,815
Less Accumulated Depreciation	<u>(17,786)</u>
Net Land and Building	329,029
TOTAL ASSETS	370,190

LIABILITIES

Jackson Center United Methodist Church (Note 1)	\$14,784
Long Term Note Payable - Village of Jackson Center (Note 2)	250,000
Long Term Note Payable - Peoples Federal (Note 2)	<u>78,055</u>
TOTAL LIABILITIES	342,839

EQUITY

Beginning Balance	19,236
Current Year Income (Loss)	<u>8,115</u>
TOTAL EQUITY	<u>27,351</u>
TOTAL LIABILITIES AND EQUITY	<u>\$370,190</u>

**JACKSON CENTER COMMUNITY IMPROVEMENT CORPORATION
SHELBY COUNTY**

**INCOME STATEMENT
AS OF DECEMBER 31, 2000**

REVENUE

Rental Income	\$36,318
Interest Income - CD	776
Interest Income - Savings	193
Country Estates - Sale of .113 Acres	1,200
Herman McBride - Option of 16.09 Acres	1,000
EMI Corp - Option on 16.09 Acres	<u>500</u>

TOTAL REVENUE 39,987

EXPENSES

Interest Expense - Peoples Federal	4,134
Interest Expense - Jackson Center Village	10,000
Interest Expense - Methodist Church	776
Real Estate Taxes	3,545
Insurance	758
Tax Exempt Application Fee	350
Legal/Accounting Fees	694
Jackson Center Village - Purchase of .113 Acres	1,200
Jackson Center Village - Option on 16.09 Acres	1,000
Jackson Center Village - Option on 10 Acres	500
Supplies	22
Depreciation	<u>8,893</u>

TOTAL EXPENSES 31,872

NET INCOME \$8,115

See the accompanying notes to the financial statements.

**JACKSON CENTER COMMUNITY IMPROVEMENT CORPORATION
SHELBY COUNTY**

**STATEMENT OF CASH FLOW
AS OF DECEMBER 31, 2000**

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$8,115
Depreciation	<u>8,893</u>
Net Cash From Operating Activities	17,008

CASH FLOWS FROM INVESTING ACTIVITIES

Income on Certificate of Deposit	<u>776</u>
Net Cash From Investing Activities	776

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Repayment of Principal on Peoples Federal Loan	<u>(8,037)</u>
Net Cash From Financing Activities	(8,037)

Net Change in Cash and Cash Equivalents 9,747

Cash and Cash Equivalents at Beginning of Year 31,414

Cash and Cash Equivalents at End of Year \$41,161

See the accompanying notes to the financial statements.

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**JACKSON CENTER COMMUNITY IMPROVEMENT CORPORATION
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

NOTE 1.

The Jackson Center Community Improvement Corporation, an Ohio nonprofit corporation, ("CIC") received a certificate of deposit pursuant to an Assignment Of Agreement For Sale And Purchase Of Real Estate ("Assignment") executed on October 14, 1998, between the Village of Jackson Center, Ohio, a municipal corporation, as Assignor, the CIC as Assignee, and the Jackson Center United Methodist Church as the party consenting to the assignment. The Assignment concerns an agreement for sale and purchase of real estate ("Agreement") dated August 6, 1991, between the Jackson Center United Methodist Church as Seller; and the Village of Jackson Center as Purchaser, for the sale of certain real estate located in the Village. The Assignment calls for the CIC to complete the Agreement by purchasing the real estate located in Jackson Center, Ohio, for a purchase price of Ten Thousand and 00/100 Dollars (\$10,000.00), plus the accrued interest on the certificate of deposit, until November 8, 2004. The certificate of deposit, plus the accrued interest through November 8, 2004, will enable the CIC to complete the terms of the Assignment without further liability.

NOTE 2.

The CIC purchased the land and building located at 115 East Pike Street, Jackson Center, Ohio, from the Village of Jackson Center, Ohio, a municipal corporation, on August 24, 1998. As consideration for the purchase, the CIC executed a Note and Mortgage in favor of the Village of Jackson Center, for Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00). The Mortgage was recorded at Volume 711, Page 84 of the Mortgage Records of the Shelby County Recorder's Office on September 2, 1998. The Note has a principal amount of Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00), with interest thereon at the rate of Four percent (4%) per annum. Interest payments are to be paid annually on the anniversary date of the Note in equal annual installments of Ten Thousand and 00/100 Dollars (\$10,000.00), until August 23, 2008, when the entire unpaid balance of principal and any and all interest accrued thereon shall be finally due and payable. Interest expense paid to the Village of Jackson Center on this Note in August, 2000 was Ten Thousand and 00/100 Dollars (\$10,000.00).

To complete improvements to the real property located at 115 East Pike Street, Jackson Center, Ohio, the CIC borrowed Ninety-five Thousand Six Hundred Fifteen and 00/100 Dollars (\$95,615.00) from Peoples Federal Savings & Loan, Sidney, Ohio, on September 4, 1998. This loan was also secured by a Note and Mortgage on the property. The Note has a term of One Hundred Twenty (120) months from September 4, 1998, and bears interest at the rate of Five percent (5%) per annum. The monthly principal and interest payment on the Note is One Thousand Fourteen and 26/100 Dollars (\$1,014.26). Interest expense paid to Peoples Federal on this Note throughout 2000 totaled Four Thousand One Hundred Thirty-four and 00/100 Dollars (\$4,134.00). The principal balance due Peoples Federal on December 31, 2000 was Seventy-eight Thousand Fifty-five and 00/100 Dollars (\$78,055.00).

NOTE 3.

The CIC is exempt from federal taxation pursuant to Internal Revenue Code section 501(c)(3). The CIC is exempt from Ohio taxation pursuant to Ohio Revised Code section 1702.

**JACKSON CENTER COMMUNITY IMPROVEMENT CORPORATION
SHELBY COUNTY**

**BALANCE SHEET
AS OF DECEMBER 31, 1999**

ASSETS:

Cash - checking	\$11,175
Cash - savings	6,231
Certificate of Deposit (Note 1)	<u>14,008</u>
Current Assets	31,414
Land and Building at Cost (Note 2)	346,815
Less Accumulated Depreciation	(8,893)
Net Land and Building	337,922
TOTAL ASSETS	369,336

LIABILITIES

Jackson Center United Methodist Church (Note 1)	\$14,008
Long Term Note Payable - Village of Jackson Center (Note 2)	250,000
Long Term Note Payable - Peoples Federal (Note 2)	<u>86,092</u>
TOTAL LIABILITIES	350,100

EQUITY

Beginning Balance	12,576
Current Year Income (Loss)	<u>6,660</u>
TOTAL EQUITY	<u>19,236</u>

TOTAL LIABILITIES AND EQUITY	<u><u>\$369,336</u></u>
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See the accompanying notes to the financial statements.

**JACKSON CENTER COMMUNITY IMPROVEMENT CORPORATION
SHELBY COUNTY**

**INCOME STATEMENT
AS OF DECEMBER 31, 1999**

REVENUE

Rental Income	\$36,146
Interest Income - CD	410
Interest Income - Savings	187
Prorated Real Estate Taxes	1,933
Sign Reimbursement	<u>68</u>

TOTAL REVENUE 38,744

EXPENSES

Interest Expense - Peoples Federal	4,896
Interest Expense - Jackson Center Village	10,000
Interest Expense - Methodist Church	410
Real Estate Taxes	2,989
Building Repairs and Maintenance	3,371
Insurance	751
Tax Exempt Application Fee	150
Legal/Accounting Fees	624
Depreciation	<u>8,893</u>

TOTAL EXPENSES 32,084

NET INCOME \$6,660

See the accompanying notes to the financial statements.

**JACKSON CENTER COMMUNITY IMPROVEMENT CORPORATION
SHELBY COUNTY**

**STATEMENT OF CASH FLOW
AS OF DECEMBER 31, 1999**

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$6,660
Depreciation	<u>8,893</u>
Net Cash From Operating Activities	15,553

CASH FLOWS FROM INVESTING ACTIVITIES

Income on Certificate of Deposit	<u>410</u>
Net Cash From Investing Activities	410

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Repayment of Principal on Peoples Federal Loan	<u>(7,274)</u>
Net Cash From Financing Activities	(7,274)

Net Change in Cash and Cash Equivalents 8,689

Cash and Cash Equivalents at Beginning of Year 22,725

Cash and Cash Equivalents at End of Year \$31,414

See the accompanying notes to the financial statements.

**JACKSON CENTER COMMUNITY IMPROVEMENT CORPORATION
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999**

NOTE 1.

The Jackson Center Community Improvement Corporation, an Ohio nonprofit corporation, ("CIC") received a certificate of deposit pursuant to an Assignment Of Agreement For Sale And Purchase Of Real Estate ("Assignment") executed on October 14, 1998, between the Village of Jackson Center, Ohio, a municipal corporation, as Assignor, the CIC as Assignee, and the Jackson Center United Methodist Church as the party consenting to the assignment. The Assignment concerns an agreement for sale and purchase of real estate ("Agreement") dated August 6, 1991, between the Jackson Center United Methodist Church as Seller; and the Village of Jackson Center as Purchaser, for the sale of certain real estate located in the Village. The Assignment calls for the CIC to complete the Agreement by purchasing the real estate located in Jackson Center, Ohio, for a purchase price of Ten Thousand and 00/100 Dollars (\$10,000.00), plus the accrued interest through November 8, 2004. The certificate of deposit, plus the accrued interest through November 8, 2004, will enable the CIC to complete the terms of the Assignment without further liability.

NOTE 2.

The CIC purchased the land and building located at 115 East Pike Street, Jackson Center, Ohio, from the Village of Jackson Center, Ohio, a municipal corporation, on August 24, 1998. As consideration for the purchase, the CIC executed a Note and Mortgage in favor of the Village of Jackson Center, for Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00). The Mortgage was recorded at Volume 711, Page 84 of the Mortgage Records of the Shelby County Recorder's Office on September 2, 1998. The Note has a principal amount of Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00), with interest thereon at the rate of Four percent (4%) per annum. Interest payments are to be paid annually on the anniversary date of the Note in equal annual installments of Ten Thousand and 00/100 Dollars (\$10,000.00), until August 23, 2008, when the entire unpaid balance of principal and any and all interest accrued thereon shall be finally due and payable. Interest expense paid to the Village of Jackson Center on this Note in August, 1999 was Ten Thousand and 00/100 Dollars (\$10,000.00).

To complete improvements to the real property located at 115 East Pike Street, Jackson Center, Ohio, the CIC borrowed Ninety-five Thousand Six Hundred Fifteen and 00/100 Dollars (\$95,615.00) from Peoples Federal Savings & Loan, Sidney, Ohio on September 4, 1998. This loan was also secured by a Note and Mortgage on the property. The Note has a term of One Hundred Twenty (120) months from September 4, 1998, and bears interest at the rate of Five percent (5%) per annum. The monthly principal and interest payment on the Note is One Thousand Fourteen and 26/100 Dollars (\$1,014.26). Interest expense paid to Peoples Federal on this Note throughout 1999 totaled Four Thousand Eight Hundred Ninety-six and 00/100 Dollars (\$4,896.00). The principal balance due Peoples Federal on December 31, 1999 was Eighty-six Thousand Ninety-two and 00/100 Dollars (\$86,092.00).

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

Jackson Center Community Improvement Corporation
Shelby County
P.O. Box 669
Jackson Center, Ohio 45334-0669

To the Board of Trustees:

We have audited the financial statements of the Jackson Center Community Improvement Corporation, Shelby County (the Corporation), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 17, 2001, which was qualified for the omission of accrued interest expense and interest payable and for certain disclosures required by Generally Accepted Accounting Principles. Except as described in the preceding sentence, 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation over financial reporting that, in our judgement, could adversely affect the Corporation's ability to record, process, or summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-50275-001.

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. 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 reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness. We also 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 July 17, 2001.

This report is intended for the information and use of the management and 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

July 17, 2001

**JACKSON CENTER COMMUNITY IMPROVEMENT CORPORATION
SHELBY COUNTY**

SCHEDULE OF FINDINGS

FOR YEARS ENDED DECEMBER 31, 2000 AND 1999

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2000-50275-001

Reportable Condition:

FINANCIAL REPORTING

The Jackson Center Community Improvement Corporation prepared their statements in accordance with generally accepted accounting principles (GAAP); however, the financial statements omitted significant disclosures and line items in the financial statements. In order to monitor and evaluate the financial condition of the Corporation, management needs accurate financial information to make informed business decisions.

We recommend the Corporation develop policies and procedures which will provide for the preparation of annual financial reports in accordance with GAAP and help management monitor and evaluate the financial condition of the Corporation. Additionally, the Community Improvement Corporation is now required to prepare its annual financial report in accordance with GAAP pursuant to Ohio Revised Code Section 1724.05.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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JACKSON CENTER COMMUNITY IMPROVEMENT CORPORATION

SHELBY 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
OCTOBER 16, 2001**