



**Auditor of State
Betty Montgomery**

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Community Improvement Corporation
Meigs County
238 West Main Street
Pomeroy, Ohio 45769

To the Board of Trustees:

We have audited the accompanying general purpose financial statements of the Community Improvement Corporation, Meigs County, Ohio (the Corporation), as of and for the years ended December 31, 2002 and 2001, as listed in the table of contents. 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Community Improvement Corporation, Meigs County, as of December 31, 2002 and 2001, and the 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 November 7, 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 black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

November 7, 2003

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**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	2002	2001
ASSETS:		
Current Assets:		
Cash in Bank - Checking - Farmers B&S	\$ 46,127	\$ 142,823
Cash in Bank - Savings - Farmers B&S	7,225	7,097
Total Current Assets	53,352	149,920
Noncurrent Assets:		
Building - Middleport & Improvements	200,000	143,007
Land and Improvements - Tupper Plains	906,250	942,321
Land and Improvements - Pomeroy	250,000	145,000
Existing Buildings - Pomeroy	75,000	116,075
New Building - Pomeroy	850,000	667,090
New Building - Tupper Plains	600,000	
Building - State Garage - AEP	443,420	425,000
Construction in Progress		369,050
Less: Accumulated Depreciation	(139,552)	(77,270)
Total Non-Current Assets	3,185,118	2,730,273
TOTAL ASSETS	\$ 3,238,470	\$ 2,880,193
LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Notes Payable - Farmers B&S - Industrial Park	\$ 20,000	\$ 20,000
Notes Payable - ODOD - Millenium Bldg	35,000	
Notes Payable - Farmers B&S - Tupper Plains Building	22,007	55,098
Interest Payable	1,215	956
Construction Contracts Payable		34,548
Accounts Payable	2,160	1,306
Total Current Liabilities	80,382	111,908
Long-Term Liabilities:		
Notes Payable - Farmers B&S - Industrial Park	150,056	170,056
Notes Payable - Farmers B&S - Tupper Plains Building	251,945	179,404
Notes Payable - ODOD - Millenium Bldg	615,000	
Notes Payable - ODOD - Salt Works		650,000
Total Long-Term Liabilities	1,017,001	999,460
TOTAL LIABILITIES	1,097,383	1,111,368
NET ASSETS		
Unrestricted Net Assets	2,141,087	1,768,825
Total Net Assets	2,141,087	1,768,825
TOTAL LIABILITIES AND NET ASSETS	\$ 3,238,470	\$ 2,880,193

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

**COMMUNITY IMPORVEMENT CORPORATION
MEIGS COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	2002	2001
Operating Revenues:		
CIC Dues	\$ 1,750	\$ 1,550
Lease Revenue	177,950	120,347
Reimbursement - Lessee		3,063
Other Revenue		656
	179,700	125,616
Operating Expenses:		
Janitorial Fees	19,619	20,514
Lease Payments - Meigs County	22,917	4,167
Mowing/Snow Removal	1,375	2,175
Professional Fees	3,500	2,119
Property Insurance	4,870	4,731
Repairs and Maintenance	4,078	7,194
Real Estate Taxes	12,537	5,741
Utilities	2,854	4,175
Miscellaneous	1,747	2,412
Depreciation	62,281	45,555
	135,778	98,783
Operating Income (Loss)	43,922	26,833
Nonoperating Revenues (Expenses):		
Intergovernmental Grants		442,787
Earnings on Investments	128	1,139
Royalties	51	322
Interest and Fiscal Charges	(38,754)	(90,089)
	(38,575)	354,159
Total Nonoperating Revenues (Expenses)	(38,575)	354,159
Net Income Before Adjustment to Net Assets	5,347	380,992
Adjustment to Net Assets:		
Contribution of Building from State of Ohio Asset Revaluation (Net)	366,915	425,000
	366,915	425,000
Total Adjustment to Net Assets	366,915	425,000
Net Increase (Decrease) in Net Assets	372,262	805,992
Unrestricted Net Assets - January 1 (As Restated - See Note 2)	1,768,825	962,833
Unrestricted Net Assets - December 31	\$ 2,141,087	\$ 1,768,825

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

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

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

	2002	2001
Increase (Decrease) in Cash and Cash Equivalents:		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 177,950	\$ 120,347
Cash Received from Other Operating Revenues	1,750	5,269
Cash Payments for Other Operating Expenses	(1,397)	(2,412)
Cash Payments to Suppliers for Goods and Services	(71,245)	(49,510)
Net Cash Used for Operating Activities	107,058	73,694
Cash Flows from Noncapital Financing Activities:		
Operating Grants Received		761,410
Net Cash Provided by Noncapital Financing Activities	0	761,410
Cash Flows from Capital and Related Financing Activities:		
Principal Payments	(75,098)	(1,090,000)
Interest and Fiscal Charges	(38,495)	(89,133)
Proceeds from Sale of Public Debt	94,548	1,074,558
Acquisition of Capital Assets	(184,760)	(629,767)
Net Cash Used for Capital and Related Financing Activities	(203,805)	(734,342)
Cash Flows from Investing Activities:		
Royalties	51	322
Interest on Investments	128	1,139
Net Cash from Investing Activities	179	1,461
Net Increase in Cash and Cash Equivalents	(96,568)	102,223
Cash and Cash Equivalents at Beginning of Year	149,920	47,697
Cash and Cash Equivalents at End of Year	\$ 53,352	\$ 149,920
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating Income (Loss)	\$ 43,922	\$ 26,833
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation	62,281	45,555
Changes in Assets and Liabilities:		
Increase (Decrease) in Accounts Payable	855	1,306
Total Adjustments	63,136	46,861
Net Cash Used for Operating Activities	\$ 107,058	\$ 73,694

Noncash Transactions:

During 2001, the State of Ohio donated a building to the Corporation that had a fair market value of \$425,000.

During 2002, the Corporation revalued their fixed assets to fair market value, resulting in a net increase of \$366,915 in buildings and land.

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

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**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Community Improvement Corporation, Meigs County (the Corporation), is a not-for-profit corporation and was incorporated on March, 26, 1964, under authority of Ohio Rev. Code Section 1702.01. The Corporation is governed by an appointed Board of Trustees, comprised of business, professional, government and community leaders. The Corporation was formed to advance, encourage, and promote the industrial, economic, commercial and civic development of Meigs County, Ohio.

The Corporation's management believes the financial statements present all activities for which the Corporation is financially accountable.

B. Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis.

In 1994, the Corporation adopted Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made" (SFAS No. 116) and Statement of Financial Accounting Standards No. 117, "Financial Statements for Not-For-Profit Organizations" (SFAS No. 117).

Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization and/or the passage of time.
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently or until all donor imposed restrictions are met by the organization. Generally, the donors of these assets permitted organization to use all or part of the income earned on related investments for general or specific purposes.

As of December 31, 2002, all net assets were considered unrestricted.

C. Tax Status

The Corporation has been recognized by the State of Ohio as a tax exempt organization and by the Internal Revenue Service as a Section 501(C)(4) nonprofit organization. Accordingly, the federal tax status would reflect the Corporation's tax exempt status. By virtue of Ohio law, the Corporation is not subject to Ohio income taxes.

D. Depreciation

The organization provides for depreciation in amounts adequate to amortize costs over the estimated useful lives of the assets. Certain assets are being depreciated under the straight line method for both financial book and tax purposes. The lives of the assets and depreciation expenses under this method are in accordance with generally accepted accounting principles. Depreciation charged to operations was \$62,281 and \$45,555 for the years ended December, 31, 2002 and 2001, respectively.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

2. Restatement of Prior Year Balances

December 31, 2000 unrestricted net assets as previously reported were understated due to the incorrect reporting of notes payable and overstated by the failure to report accumulated depreciation, as follows:

Unrestricted Net Assets - December 31, 2000	\$	948,847
Retatement Amounts:		
Accumulated Depreciation		(31,715)
Notes Payable		45,701
		45,701
Unrestricted Net Assets - January 1, 2001	\$	962,833

3. Fixed Assets

Although fixed assets were formerly capitalized at cost (or estimated historical cost), during 2002 fixed assets values were adjusted to reflect fair market value, due to a lack of supporting documentation for actual cost. Fixed asset information is updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Depreciation of buildings is computed using the straight-line method over an estimated useful life of thirty years.

4. Industrial Park

This property consists of raw land and development costs expended to date on the industrial park and sewer project on State Route 7 in Tupper Plains, Ohio.

5. Cash and Investments

The Corporation maintains a checking account and a savings account. The carrying amount of cash at December 31 was as follows:

	2002	2001	
Demand deposits	\$ 53,352	\$ 149,920	

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation up to \$100,000. Deposits in excess of \$100,000 are uninsured.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

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

6. Debt

The Corporation's debt outstanding at December 31, 2002 and 2001 was as follows:

	12/31/2002 Principal	12/31/2001 Principal	Interest Rates
Industrial Park Note	\$ 170,056	\$ 190,056	7.25%
Tuppers Plains Note	273,952	234,502	7.63%
Millenium Building Note	650,000		0.00 - 3.00%
Total	<u>\$ 1,094,008</u>	<u>\$ 424,558</u>	

The Industrial Park note was issued by Farmers Bank & Savings was approved to finance improvements at the Meigs County Industrial Park.

The Tuppers Plains note was issued by Farmers Bank & Savings was approved to finance the construction of a specific building on a site in the Meigs County Industrial Park, which was leased to WeCan Fabricators, Inc.

The Millenium Building note was issued by the Ohio Department of Development for the purpose of constructing a specific building on a site located on State Route 7, Pomeroy, Ohio, which was to Millenium TeleCommunications, Inc. The note is interest-free for years one through four.

The debt noted above will be paid from operating lease income received from various entities (see Note 7).

The annual requirements to amortize debt outstanding as of December 31, 2002, including interest, are as follows:

Year Ending December 31	Industrial Park	Tuppers Plains	Millenium Building	Total
2003	\$ 32,492	\$ 42,643	\$ 35,000	\$ 110,135
2004	31,056	42,000	60,000	133,056
2005	29,556	42,000	60,000	131,556
2006	28,086	42,000	60,000	130,086
2007	26,616	42,000	52,713	121,329
2008 - 2012	81,096	171,754	447,366	700,216
Total	<u>\$ 228,902</u>	<u>\$ 382,397</u>	<u>\$ 715,079</u>	<u>\$ 1,326,378</u>

7. Operating Leases

The Corporation had operating leases in effect during 2002 and 2001 with various entities for rental of building space. The details of these operating leases are as follows:

- The University of Rio Grande leased a two story building consisting of approximately 4,550 square feet, located at 150 Mill Street, Middleport, Ohio, for a period of 15 years, commencing as of March 2, 1998 and ending on March 1, 2013 for \$600 per month.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

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

7. Operating Leases (Continued)

- CDG Management, LLC leased a building consisting of approximately 10,000 square feet, located at 660 East Main Street, Pomeroy, Ohio, for a period of 7 years, commencing November 1, 2000 and ending on October 31, 2007 for \$8,333.33 per month.
- WeCan Fabricators, LLC leased a building and property located at 49425 East Park Drive, Reedsville, Ohio, for a period of 10 years, commencing as of October 1, 2001 and ending on September 30, 2011 for \$4,000 per month.
- Ohio Power Company leased the property located at 34844 State Route 7, Pomeroy, Ohio, for a period of 5 years commencing as of November 1, 2001 and ending on October 31, 2006 for \$2,083.34 per month.

Revenue from operating leases was recorded at \$177,950 for 2002 and \$120,347 for 2001.



**Auditor of State
Betty Montgomery**

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

Community Improvement Corporation
Meigs County
238 West Main Street
Pomeroy, Ohio 45769

To the Board of Trustees:

We have audited the general purpose financial statements of the Community Improvement Corporation, Meigs County, Ohio (the Corporation), as of and for the year ended December 31, 2002 and 2001 and have issued our report thereon dated November 7, 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 general purpose 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Corporation in a separate letter dated November 7, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 general purpose 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 November 7, 2003.

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Community Improvement Corporation
Meigs County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
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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.

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

Betty Montgomery
Auditor of State

November 7, 2003



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

MEIGS COUNTY COMMUNITY IMPROVEMENT CORPORATION

MEIGS 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
DECEMBER 16, 2003**