

Harrison County Community Improvement Corporation

Cadiz, Ohio

Audit Report

December 31, 2003



**Auditor of State
Betty Montgomery**

Board of Trustees
Harrison County Community Improvement Corporation

We have reviewed the Independent Auditor's Report of the Harrison County Community Improvement Corporation, Harrison County, prepared by S.R. Snodgrass, A.C. for the audit period January 1, 2003 through December 31, 2003. 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 Harrison County Community Improvement Corporation is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

April 30, 2004

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Harrison County Community Improvement Corporation
Audit Report
December 31, 2003

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Independent Auditor's Report

To the Board of Trustees
Harrison County Community Improvement Corporation

We have audited the accompanying statement of financial position of Harrison County Community Improvement Corporation (a nonprofit organization) as of December 31, 2003, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Harrison County Community Improvement 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 Harrison County Community Improvement Corporation as of December 31, 2003, and the changes in net assets and its cash flows for the year 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 March 30, 2004 on our consideration of the Harrison County Community Improvement 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.

S. R. Snodgrass, A.C.

Steubenville, Ohio
March 30, 2004

**Harrison County Community Improvement Corporation
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2003**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$19,957
EPA Septic Grant fee receivable	<u>3,166</u>
Total current assets	<u>23,123</u>

**COMPUTER EQUIPMENT, COMPUTER SOFTWARE, FURNITURE,
FIXTURES AND EQUIPMENT**

Computer equipment	14,262
Computer software	374
Furniture and fixtures	4,105
Office equipment	<u>4,336</u>
Total	23,077
Accumulated depreciation	<u>9,698</u>
Total computer equipment, computer software, furniture, fixtures and equipment, net	<u>13,379</u>

Total assets	<u>\$36,502</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 1,619
Total current liabilities	<u>1,619</u>

NET ASSETS

Unrestricted	<u>34,883</u>
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Total liabilities and net assets	<u>\$36,502</u>
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The accompanying notes are in integral part of these financial statements.

Harrison County Community Improvement Corporation
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

Unrestricted

SUPPORT AND REVENUE

SUPPORT

Grant administration fees	\$ 43,023
ODJFS Tanf Grant	112,149
Tourism Study Grant	13,256
EPA Septic Grant	8,621
Industrial Park Study Grant	2,670
Private contributions	<u>1,900</u>
Total support	<u>181,619</u>

REVENUE

Interest	<u>368</u>
Total revenue	<u>368</u>
Total support and revenue	<u>181,987</u>

EXPENSES

Contractual services	163,427
Consulting fees	13,000
Dues and publications	936
Rent	6,600
Travel and entertainment	5,495
Utilities	1,500
Telephone	3,074
Office supplies	1,251
Postage	73
Repairs and maintenance	1,179
Advertising	14,043
Conferences and seminars	1,080
Professional fees	9,143
Office equipment	1,700
Depreciation	2,304
Miscellaneous	<u>115</u>
Total expenses	<u>224,920</u>

Change in Net Assets (42,933)

Net Assets as of Beginning of Year 77,816

Net Assets as of End of Year \$ 34,883

The accompanying notes are an integral part of these financial statements.

Harrison County Community Improvement Corporation
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

OPERATING ACTIVITIES

Change in net assets	\$(42,933)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	2,304
Net change in	
CDBG administration fee receivable	2,800
CHIP administration and implementation fee receivable	1,502
Grants receivable	(672)
Accounts payable	<u>(3,378)</u>
Net cash used in operating activities	<u>(40,377)</u>

INVESTING ACTIVITIES

Purchase of fixed assets	<u>(8,099)</u>
Net cash used in investing activities	<u>(8,099)</u>
Net decrease in cash and cash equivalents	(48,476)

CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR 68,433

CASH AND CASH EQUIVALENTS AS OF END OF YEAR \$19,957

The accompanying notes are an integral part of these financial statements.

Harrison County Community Improvement Corporation
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Harrison County Community Improvement Corporation is a nonprofit Organization established for the purpose of advancing, encouraging and promoting the industrial, commercial and civic development of Harrison County. It has accomplished this by acting as an agent of the Board of Harrison County Commissioners for administering grants. In turn, the organization receives an administration fee as compensation for the services rendered.

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor or grant 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 or grantor imposed stipulations.

SUPPORT AND REVENUE - CONTRIBUTIONS

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

**COMPUTER EQUIPMENT, COMPUTER SOFTWARE,
FURNITURE, FIXTURES AND EQUIPMENT**

Computer equipment, computer software, furniture, fixtures and equipment are carried at cost or donated fair value and include expenditures for major renewals and betterments. Maintenance, repairs, and minor renewals are charged to expense as incurred. When assets are sold, or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any profit or loss arising from such disposition is included as income or expense in the year in which it is disposed. Depreciation is computed by the straight line method based upon the estimated useful lives of the assets.

Depreciation of \$2,304 has been charged to operations for the year ended December 31, 2003.

Harrison County Community Improvement Corporation
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAXES

The Organization is exempt from federal income taxes under Internal Revenue Code 501(c)(4) and therefore has made no provision for federal income taxes in the accompanying financial statements.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

	<u>Per Bank</u>	<u>Per Books</u>
Belmont National Bank	<u>\$20,257</u>	<u>\$19,957</u>
Total cash and cash equivalents	<u>\$20,257</u>	<u>\$19,957</u>

SUPPORT

During the year ended December 31, 2003, the Harrison County Community Improvement Corporation received support from the following sources: 1) \$43,023 from the Board of Harrison County Commissioners for administering and implementing CHIP and CDBG grants 2) \$112,149 from the Department of Job and Family Services for services rendered (i.e. acting as a liaison between the local community and the Department of Job and Family Services) 3) \$8,621 from the Board of Harrison County Commissioners for administering and implementing an EPA Septic Grant 4) \$15,926 from the State of Ohio, Department of Development in the form of a state planning grant and a tourism study 5) \$1,900 in private contributions from South Central Power and American Electric Power.

CONTRACTUAL SERVICES

The Harrison County Community Improvement Corporation utilizes employees of Harrison County to administer the various grants. Thus, the organization must reimburse the county for wages and related payroll taxes. For the year ended December 31, 2003 this amounted to \$163,427.

Harrison County Community Improvement Corporation
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

CONSULTING FEES

On October 1, 2002, the Harrison County Community Improvement Corporation entered into an agreement with an independent contractor. The contractor coordinated efforts between the officials of Harrison County, the villages, townships and local businesses. The contractor was paid \$4,000 per month and the contract expired June 30, 2003.

RENT

In April, 2002, Harrison County Community Improvement Corporation entered into an agreement with The Harrison County Commissioners to lease its present office space. For the calendar year ended 2003, rent was \$800 per month (including utilities) through June, and \$550 per month (including utilities) from July through December.

CONCENTRATION OF CREDIT RISK

The Organization's programs are maintained in the Harrison County, Ohio geographical area. The performance of its operational activity is dependent on local economic conditions.



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Harrison County Community Improvement Corporation

We have audited the financial statements of Harrison County Community Improvement Corporation (a nonprofit organization) as of and for the year ended December 31, 2003, and have issued our report thereon dated March 30, 2004. 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 Harrison County Community Improvement 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 Harrison County Community Improvement 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 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 misstatement 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 operations that we considered to be material weaknesses.



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

S. R. Smolgrass, A.C.

Steubenville, Ohio
March 30, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

HARRISON COUNTY COMMUNITY IMPROVEMENT CORPORATION

HARRISON 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
MAY 18, 2004**