

**THE COMMUNITY IMPROVEMENT  
CORPORATION OF HENRY COUNTY,  
OHIO, INC.**

**FINANCIAL STATEMENTS**

*Years Ended December 31, 2005 and 2004*





**Auditor of State  
Betty Montgomery**

Board of Trustees  
The Community Improvement Corporation of Henry County  
104 E. Washington  
Napoleon, OH 43545

We have reviewed the *Independent Auditor's Report* of The Community Improvement Corporation of Henry County prepared by Steyer & Co., for the audit period January 1, 2005 through December 31, 2005. 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 Henry County is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY  
Auditor of State

November 8, 2006

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Independent Auditor's Report

To the Board of Trustees of  
The Community Improvement Corporation of Henry County, Ohio, Inc.  
Napoleon, Ohio

We have audited the accompanying statements of financial position of The Community Improvement Corporation of Henry County, Ohio, Inc. (a nonprofit organization) as of December 31, 2005 and 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraph, we conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

Due to inadequate internal controls over revenue, specifically a lack of numeric control over invoices issued in the membership revenue of the organization, we were unable to satisfy ourselves as to the completeness of the accounting records of the organization. Therefore, we were unable to satisfy ourselves that membership revenue transactions were properly recorded for the year ended December 31, 2005. Accordingly, it was not practicable for us to extend our audit of transactions beyond the amounts recorded.

In our opinion, except for the effects on the December 31, 2005 financial statements of such adjustments, if any, as might have been determined to be necessary had the accounting of transactions referred to in the preceding paragraph been susceptible to satisfactory audit tests, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of The Community Improvement Corporation of Henry County, Ohio, Inc. as of December 31, 2005 and 2004, and the changes in its net assets and its 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 June 13, 2006, on our consideration of The Community Improvement Corporation of Henry County, Ohio, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

STEYER & CO.



Defiance, Ohio  
June 13, 2006

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO, INC.  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2005 and 2004**

	<b>2005</b>	<b>2004</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash (Note 2)	\$ 669,781	\$ 582,809
Accounts receivable	1,039	56,576
Notes receivable (Note 3)	21,697	2,500
Total current assets	<b>692,517</b>	<b>641,885</b>
<b>PROPERTY AND EQUIPMENT</b>		
Furniture and fixtures	13,202	13,202
Leasehold improvements	47,144	62,863
Land	132,252	176,349
Land improvements	411,651	548,910
	<b>604,249</b>	<b>801,324</b>
Less accumulated depreciation	84,756	70,323
Net property and equipment	<b>519,493</b>	<b>731,001</b>
<b>OTHER ASSETS</b>		
Notes receivable (Note 3)	51,722	71,108
Assets held for sale (Note 4)	-	943,479
Total other assets	<b>51,722</b>	<b>1,014,587</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,263,732</b>	<b>\$ 2,387,473</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 24,259	\$ -
Long term obligations due within one year (Note 5)	83,132	45,809
Accrued expenses	658	-
Lease deposit	-	10,000
Total current liabilities	<b>108,049</b>	<b>55,809</b>
<b>LONG TERM OBLIGATIONS (NOTE 5)</b>	<b>845,238</b>	<b>2,085,219</b>
<b>TOTAL LIABILITIES</b>	<b>953,287</b>	<b>2,141,028</b>
<b>NET ASSETS</b>		
Unrestricted	29,079	(1,358)
Temporarily restricted (Note 7)	281,366	247,803
Total net assets	<b>310,445</b>	<b>246,445</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,263,732</b>	<b>\$ 2,387,473</b>

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

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO, INC.  
STATEMENTS OF ACTIVITIES  
Years Ended December 31, 2005 and 2004**

	2005	2004
<b>UNRESTRICTED NET ASSETS</b>		
Support		
Contributions from participating governmental units	\$ 163,200	\$ 21,750
In-kind contributions (Note 1)	54,160	54,160
Memberships	14,480	15,230
Interest	3,144	2,263
Administrative fees	96,884	56,186
Program fees	21,334	19,641
Miscellaneous income	253	-
Total unrestricted support	353,455	169,230
Net assets released from restrictions		
Restrictions satisfied by payments	176,382	353,700
Total unrestricted support and reclassifications	529,837	522,930
Expenses		
Program expenses		
Community involvement/projects	375	380
Contract services	-	45,396
Incentive plan	-	17,856
Infrastructure projects	176,382	44,853
Total program expenses	176,757	108,485
General supporting expenses		
Advertising	24,521	10,622
Bad debts	12,889	-
Conferences and seminars	2,357	1,866
Consulting and engineering	16,000	2,708
Depreciation	40,966	83,209
Dues and subscriptions	2,250	2,294
Loss on sale of property and equipment	35,858	32
Impairment loss (Note 4)	-	317,517
Insurance	1,457	7,145
Interest	64,789	104,692
Legal and accounting	8,464	6,327
Miscellaneous	2,318	2,342
Office	4,949	7,803
Rent - office	5,200	7,713
Building maintenance	1,230	8,589
Taxes - property	-	3,169
Telephone	617	1,654
Travel and entertainment	4,419	4,533
Wages	74,359	69,639
Total general supporting expenses	302,643	641,854
Fundraising expenses		
Fundraising	20,000	-
Total fundraising expenses	20,000	-
Total expenses	499,400	750,339
Increase (decrease) in unrestricted net assets	30,437	(227,409)
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Support		
Infrastructure funds	208,737	144,838
Interest	1,208	3,476
Rent	-	27,000
Net assets released from restrictions	(176,382)	(353,700)
Increase (decrease) in temporarily restricted net assets	33,563	(178,386)
<b>CHANGE IN NET ASSETS</b>	64,000	(405,795)
<b>NET ASSETS, BEGINNING OF YEAR</b>	246,445	652,240
<b>NET ASSETS, END OF YEAR</b>	\$ 310,445	\$ 246,445

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

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO, INC.  
STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 64,000	\$ (405,795)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	40,966	83,209
Loss on sale of property and equipment	35,858	32
Impairment loss	-	317,517
(Increase) decrease in operating assets		
Accounts receivable	55,537	12,454
Notes receivable	189	(12,108)
Increase (decrease) in operating liabilities		
Accounts payable	24,259	-
Accrued expenses	658	-
Lease deposit	(10,000)	1,000
Net cash provided by (used in) operating activities	<u>211,467</u>	<u>(3,691)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	-	(10,193)
Proceeds from sale of property and equipment	943,479	-
Net cash provided by (used in) investing activities	<u>943,479</u>	<u>(10,193)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of obligations	(1,067,974)	(51,275)
Net cash used in financing activities	<u>(1,067,974)</u>	<u>(51,275)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>86,972</b>	<b>(65,159)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<u><b>582,809</b></u>	<u>647,968</u>
<b>CASH AT END OF YEAR</b>	<u><u><b>\$ 669,781</b></u></u>	<u><u><b>\$ 582,809</b></u></u>
<b>SUPPLEMENTAL INFORMATION</b>		
Cash paid during the year for:		
Interest	\$ 64,789	\$ 104,692
<b>NON-CASH TRANSACTIONS</b>		
Forgiveness of debt	\$ 134,684	\$ -
Disposition of assets	134,684	-

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

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2005 and 2004**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF ACTIVITIES** – The Community Improvement Corporation of Henry County, Ohio, Inc. is a nonprofit corporation chartered under applicable laws of the State of Ohio. No individuals or corporations hold any equity interest therein. The purpose of the Organization is to promote economic development in Henry County, Ohio. The Organization's basic programs include advertising in industrial development publications, assisting businesses in obtaining incentives to expand or locate in Henry County, Ohio, and administering incentive programs for taxing authorities and related businesses.

**BASIS OF PRESENTATION** – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization 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. As permitted by the statement, the Organization does not use fund accounting.

**CONTRIBUTIONS** – The Organization also follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

**CONTRIBUTED SERVICES AND FACILITIES** – In-kind contributions are recorded as revenue and expenses in the accompanying statement of activities. In-kind contributions consist of wages being partially paid by Henry County, Ohio and the use of office facilities. The estimated fair values of the wages and office facilities are \$48,960 and \$5,200, respectively, for years ended December 31, 2005 and 2004.

**PROPERTY AND EQUIPMENT** – Property and equipment are stated at cost. Depreciation for financial reporting and for federal tax reporting is computed using the straight-line method. The Organization capitalizes all acquisitions in excess of \$500.

**CASH AND CASH EQUIVALENTS** – For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**MANAGEMENT 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 reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**INCOME TAX STATUS** – The Organization is a not-for-profit organization that the Internal Revenue Service has determined to be exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. The Organization is classified as other than a private foundation.

**EXPENSE ALLOCATION** – Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of management estimates. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2005 and 2004**

**RESTRICTED AND UNRESTRICTED REVENUE** – Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

Unless specifically restricted by the donor, all contributions and grants are considered to be available for unrestricted use in the activities of the Organization.

The Board of Trustees has discretionary control of the unrestricted net assets to use in the activities of the Organization.

**NOTE 2 – CASH**

Cash consists of the following:	2005		2004	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Petty cash	\$ 13	\$ -	\$ 170	\$ -
Checking	62,011	-	53,825	-
Savings	88,762	433,489	132,636	247,803
Certificates of deposit	61,247	-	148,375	-
Agency Funds	-	24,259	-	-
	\$ 212,033	\$ 457,748	\$ 335,006	\$ 247,803

**NOTE 3 – NOTES RECEIVABLE**

Notes receivable consist of the following:

	2005	2004
Note receivable from A & J, LLC, dated July 29, 2004, due in 60 months, interest at 0% on the unpaid balance. Unsecured.	\$ 7,500	\$ 9,500
Note receivable from Henry County Fair Foundation, dated May 14, 2004, due in 53 months, interest at 0% on the unpaid balance. Unsecured.	10,000	10,000
Note receivable from Henry County Fair Foundation, dated April 28, 2004, due in 52 months, interest at 0% on the unpaid balance. Unsecured.	3,647	1,142
Note receivable from Harrison Township, dated April 28, 2004, due in 36 months, interest at 0% on the unpaid balance. Unsecured.	7,500	-
Note receivable from Rodeway Inn, dated February 18, 2004, due in 35 months, interest at 0% on the unpaid balance. Unsecured.	497	1,491
Note receivable from Harrison Township, dated November 7, 2003 and January 30, 2004, due in 84 months, interest at 0% on the unpaid balance. Unsecured	37,075	37,075
Note receivable from Holgate Products, dated March 19, 2003, due in 36 months, interest at 0% on the unpaid balance. Unsecured.	-	700
Note receivable from B&B Molded Products, dated November 27, 2001, due in 36 months, interest at 1% on the unpaid balance. Unsecured.	-	2,500

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2005 and 2004**

**NOTE 3 – NOTES RECEIVABLE (CONTINUED)**

	<b>2005</b>	2004
Note receivable from Rettig Pallets, dated August 23, 2001, due in 60 months, interest at 0% on the unpaid balance. Unsecured.	<b>4,000</b>	8,000
Note receivable from Harrison Township, dated January 9, 2001, due in 60 months, interest at 0% on the unpaid balance. Unsecured.	<b>3,200</b>	3,200
	<b>73,419</b>	73,608
Amount due within one year	<b>21,697</b>	2,500
Amount due after one year	<b>\$ 51,722</b>	\$ 71,108

**NOTE 4 – ASSETS HELD FOR SALE**

The Community Improvement Corporation of Henry County, Ohio, Inc. entered into a ground lease with option to purchase agreement with Midwest Wood Trim, Inc. on December 1, 2004. This option to purchase was subsequently exercised on January 6, 2005. The carrying amount of those assets exceeded the agreed sales price as of the fiscal year ended December 31, 2004. An impairment loss has been recognized in the Statement of Activities for the year ended December 31, 2004.

In conjunction with this sale, the City Council of Napoleon, Ohio, in a council meeting held on May 2, 2005, voted to assist the organization in regards to the sale by contributing \$163,200 to aid in the repayment of the continuing mortgage payments still remaining at The Henry County Bank. They also voted to forgive the loan owed to the City of Napoleon. Additionally, the organization transferred a portion of land, containing a road to the sold property, to the City of Napoleon, Ohio in 2005.

Components of the impairment loss are as follows:

Building	<b>\$ 1,092,206</b>	
Leasehold improvements	<b>19,219</b>	
Land (4.031 acres)	<b>53,915</b>	
Land improvements	<b>167,816</b>	
	<b>1,333,156</b>	
Less accumulated depreciation	<b>72,160</b>	
Net book value		<b>\$ 1,260,996</b>
Fair market value (sale price)	<b>950,000</b>	
Less expenses of sale	<b>6,521</b>	
Carrying value of assets held for sale		<b>943,479</b>
Impairment loss recognized		<b>\$ 317,517</b>

**NOTE 5 – LONG TERM OBLIGATIONS**

Long term obligations consists of the following:

	<b>2005</b>	2004
Note payable to City of Napoleon, dated July 19, 2002, due October 1, 2016. Payable in monthly installments of \$1,162 beginning on November 1, 2003, with an interest rate of zero percent through October 31, 2003, and thereafter a fixed rate of 3%. Secured by real estate.	<b>\$ -</b>	\$ 139,607

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2005 and 2004**

**NOTE 5 – LONG TERM OBLIGATIONS (CONTINUED)**

Long term obligations consists of the following:

	<b>2005</b>	<b>2004</b>
Note payable to The Henry County Bank (line of credit), limited to an amount not to exceed \$2,200,000, dated December 27, 2002, due January 27, 2028. Payable in monthly installments of \$12,866 beginning July 27, 2003. Interest payable monthly at a variable rate, currently 8.0%. Secured by commercial property located at 1650 Commerce Drive, Napoleon, Ohio.	<b>928,370</b>	1,991,421
Total obligations payable	<b>928,370</b>	2,131,028
Less long term obligations due within one year	<b>83,132</b>	45,809
Long term obligations	<b>\$ 845,238</b>	<b>\$ 2,085,219</b>

Maturities of long term obligations are as follows:

Years Ending December 31	
2006	\$ 83,132
2007	90,032
2008	97,504
2009	105,597
2010	114,362
2011 and thereafter	437,743
	<b>\$ 928,370</b>

**NOTE 6 – OPERATING LEASES**

The Organization leased a phone system under a noncancelable operating lease which expired in April, 2004.

**NOTE 7 – NATURE AND AMOUNT OF TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available once any donor-imposed conditions have been met for the following purposes:

	<b>2005</b>	<b>2004</b>
Infrastructure	<b>\$ 281,366</b>	<b>\$ 247,803</b>

**NOTE 8 – RECLASSIFICATION**

Certain amounts in prior-year financial statements have been reclassified for comparative purposes to conform with presentation in the current-year financial statements.

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

To the Board of Trustees of  
The Community Improvement Corporation of Henry County, Ohio, Inc.  
Napoleon, Ohio

We have audited the financial statements of The Community Improvement Corporation of Henry County, Ohio, Inc. (a nonprofit organization) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 13, 2006, wherein we have issued our qualified opinion relating to membership revenue. We conducted our audits 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.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered The Community Improvement Corporation of Henry County, Ohio, Inc.'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 an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect The Community Improvement Corporation of Henry County, Ohio, Inc.'s ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and responses as items 2005-1 through 2005-3.

A material weakness is a reportable 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 caused by error or fraud 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 that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2005-1 through 2005-3 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Community Improvement Corporation of Henry County, Ohio, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Community Improvement Corporation of Henry County, Ohio, Inc. in a separate letter dated June 13, 2006.

This report is intended solely 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.

A handwritten signature in black ink that reads "Steyer & Co." with a stylized flourish at the end of the word "Steyer".

STEYER & CO.

Defiance, Ohio  
June 13, 2006

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended December 31, 2005**

**Finding 2005-1 – Reportable Condition**

In completing our audit procedures we determined that the cash accounts were inaccurately reconciled. Large audit adjustments were necessary to correctly state the balances of these cash accounts. Bank statements are received and deposits and checks are being cleared, but additional transactions that are not properly recorded remain in the accounts as uncleared transactions.

All cash accounts need to be reconciled to the bank statements frequently. Any uncleared balances should be reviewed to determine if the deposit is in transit or if the check is outstanding. All other uncleared transactions should be adjusted or reclassified to the appropriate accounts.

**Finding 2005-2 – Reportable Condition**

In completing our audit procedures we determined that there is a lack of internal controls in The Community Improvement Corporation of Henry County, Ohio, Inc.'s accounting system. Audit tests were conducted to determine if revenue and expense balances were accurately recorded and reported. In order to determine the accuracy of these accounts, detail was needed to support each transaction. This support was not readily available, and in several circumstances, was completely unavailable.

Supporting detail must be maintained for all transactions made during the year. This detail must be organized in a manner that is appropriate for a public office. There should also be a process used for receiving mail, handling cash deposits and transfers, and making disbursements. Date stamps and approval stamps should be used to document when items are received, sent, and approved by the Board. This will increase the organizational efficiency of the office.

**Finding 2005-3 – Reportable Condition**

In completing our audit procedures we determined that the infrastructure funds should be classified as temporarily restricted. This determination was made after contracts were provided specifying the nature of the infrastructure funds and providing the proper information as to its specific classification. In the prior year no documentation was provided to prove that these accounts were temporarily restricted even though requested.

Contracts and other supporting documentation should be filed and readily available when requested. Restricted assets require special handling. Without proper documentation and knowledge of the subject matter, these assets may not be managed as originally intended.

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF HENRY COUNTY, OHIO, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended December 31, 2005**

Finding Number	Finding Summary	Auditee Response
2005-1	Cash accounts were inaccurately reconciled	Management will endeavor to correct and comply with finding
2005-2	Lack of internal controls in accounting system	Management will endeavor to correct and comply with finding
2005-3	Infrastructure funds should be temporarily restricted	Management will endeavor to correct and comply with finding



**Auditor of State  
Betty Montgomery**

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**COMMUNITY IMPROVEMENT CORPORATION OF HENRY COUNTY**

**HENRY 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 21, 2006**