

**COMMUNITY IMPROVEMENT CORPORATION
OF BELMONT COUNTY
ST. CLAIRSVILLE, OHIO**

**AUDIT REPORT
DECEMBER 31, 2004**



**Auditor of State
Betty Montgomery**

Board of Trustees
Community Improvement Corporation of Belmont County
117 East Main Street
St. Clairsville, Ohio 43950

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation of Belmont County prepared by S.R. Snodgrass, A. C., for the audit period January 1, 2004 through December 31, 2004. 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 Belmont 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

March 8, 2006

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**Community Improvement Corporation
of Belmont County
DECEMBER 31, 2004**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Community Improvement Corporation of Belmont County
St. Clairsville, Ohio

We have audited the accompanying statement of financial position of the Community Improvement Corporation of Belmont County (a non-profit corporation) as of December 31, 2004, and the related statements of activities and cash flows for the year 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 Belmont County as of December 31, 2004, and the changes in its net assets and 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 a report dated December 19, 2005, on our consideration of the Community Improvement Corporation of Belmont County's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 read in conjunction with this report in considering the results of our audit.

S. N. Snodgrass, A.C.

Wheeling, West Virginia
December 19, 2005

Community Improvement Corporation of Belmont County
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2004

ASSETS

Cash in bank - checking	\$ 1,961,401
Cash on hand	100
Certificate of deposit	202,625
Total cash and cash equivalents	2,164,126
Accrued interest receivable	226
Prepaid rent	700
Notes receivable	276,030
	276,030
Total assets	\$ 2,441,082

LIABILITIES AND NET ASSETS

Liabilities:	
Due to Belmont County	\$ 1,510,558
Payroll taxes withheld	1,264
Accounts payable	3,875
Total liabilities	1,515,697
Unrestricted Net Assets:	
Undesignated	46,220
Board designated	879,165
Total net assets	925,385
	925,385
Total liabilities and net assets	\$ 2,441,082

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

Community Improvement Corporation of Belmont County
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2004

	Unrestricted	Temporarily Restricted	Total All Funds
PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS			
Operating grant	\$ -	\$ 60,000	\$ 60,000
Interest income	6,980	39,262	46,242
Contributions and other	1,519	-	1,519
Net assets released from restrictions	99,262	(99,262)	-
Total public support, revenues, and reclassifications	<u>107,761</u>	<u>-</u>	<u>107,761</u>
EXPENSES			
Fox Commerce Park expenses	265,753	-	265,753
Village of Bellaire boat ramp grant	65,000	-	65,000
Salaries	20,503	-	20,503
Payroll taxes	1,763	-	1,763
Rent	8,400	-	8,400
Utilities	3,165	-	3,165
Travel	1,528	-	1,528
Insurance	704	-	704
Meals and entertainment	2,507	-	2,507
Dues and subscriptions	4,545	-	4,545
Advertising	20,098	-	20,098
Professional fees	15,239	-	15,239
Telephone	3,857	-	3,857
Postage	474	-	474
Office supplies	8,075	-	8,075
Office maintenance	1,710	-	1,710
Xerox lease	2,981	-	2,981
Equipment expense	7,907	-	7,907
Miscellaneous	2,919	-	2,919
Revolving Loan Fund costs absorbed by Belmont County	(58,902)	-	(58,902)
Total expenses	<u>378,226</u>	<u>-</u>	<u>378,226</u>
Change in net assets	(270,465)	-	(270,465)
NET ASSETS, BEGINNING OF YEAR	<u>1,195,850</u>	<u>-</u>	<u>1,195,850</u>
NET ASSETS, END OF YEAR	<u>\$ 925,385</u>	<u>\$ -</u>	<u>\$ 925,385</u>

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

Community Improvement Corporation of Belmont County
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (270,465)
Changes in assets and liabilities:	
Accrued interest receivable	62
Prepaid rent	(700)
Payroll taxes withheld	22
Tenant deposits	(12,000)
Accounts payable	1,706
Net cash used in operating activities	<u>(281,375)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Decrease in funds due to Belmont County	(58,902)
Principal received on Revolving Loan Fund notes	92,521
Net cash provided by financing activities	<u>33,619</u>
Net decrease in cash and cash equivalents	(247,756)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>2,411,882</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u><u>\$ 2,164,126</u></u>

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

Community Improvement Corporation of Belmont County
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Nature of Operations - The Corporation was organized in 1962 as a private nonprofit corporation under the laws of the State of Ohio for the purpose of attracting new industry to the area and enhancing the business climate for existing businesses. To that end, the Corporation operates the Belmont County Department of Development. Primary funding for the Corporation comes from annual operating grants from the Commissioners of Belmont County. During 2004, the Commissioners provided operating funds in the amount of \$60,000. As further discussed in Note 5, the Commissioners also provided funds in the aggregate amount of \$825,000 during 1999 for the development of an industrial park. Construction on this project commenced in 2000.

The Corporation also administers a Revolving Loan Fund. The Revolving Loan Fund provides below market rate loans to businesses for the creation or retention of jobs in Belmont County, Ohio.

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Property and Equipment - The Corporation's fixed assets consist only of a small amount of office furniture which was expensed as purchased. In 1999, the Corporation acquired land for the development of a county industrial park. The ownership of the land was subsequently transferred to the Government of Belmont County. The Corporation incurred costs in the amount of \$265,753 during 2004 for infrastructure improvements to this property. These costs were expensed as incurred.

Community Improvement Corporation of Belmont County
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Marketing and Advertising Costs - Marketing and advertising costs are expensed as incurred. Such costs amounted to \$20,098 during the year.

Financial Statement Presentation and Fund Accounting - As discussed above, the financial statements are prepared on the accrual basis. The Corporation uses fund accounting for internal reporting purposes.

To ensure the observance of limitations and restrictions placed on the use of resources available to the Corporation, the accounts of the Corporation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities, and fund balances of the Corporation are reported in three self-balancing fund groups as follows:

1. The Board Fund represents the portion of expendable funds that are available for the Corporation's general operations. The December 31, 2004, balance of \$874,387 has been designated for economic development.
2. The Department of Development Fund represents the portion of expendable funds that are available for support of the Belmont County Department of Development.
3. The Revolving Loan Fund represents the portion of expendable funds that are available for support of the Belmont County Revolving Loan Program.

Use of Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Cash and Cash Equivalents - For the purpose of the statement of cash flows, the Corporation considers cash on deposit in banks and certificates of deposit with an original maturity of less than ninety days to be cash equivalents. At December 31, 2004, the Corporation's certificate of deposit had an original maturity of 30 days.

Community Improvement Corporation of Belmont County
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

NOTE 2 - TAXES

The Community Improvement Corporation of Belmont County is a nonprofit corporation exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code.

NOTE 3 - NOTES RECEIVABLE

The Corporation is the administering agency for the Belmont County Community Development Block Grant Economic Development Revolving Loan Fund. All loans are made to businesses located in Belmont County, Ohio. The ability of borrowers to meet their contractual obligations partially depends upon the general economic conditions of the area. At December 31, 2004, one borrower accounted for the entire balance of loans outstanding. Loans to this borrower are secured by liens on equipment and a corporate guarantee from its parent, Mayflower Vehicle Systems, Inc. During 1995, the Corporation assigned all security interest in the loans to the Board of County Commissioners of Belmont County. The following is a summary of loans outstanding as of December 31, 2004:

<u>Loan Date</u>	<u>Maker</u>	<u>Rate</u>	<u>Term in Months</u>	<u>Total Authorized</u>	<u>Balance</u>
02/19/93	Motor Panels Stamping Co.	3.0%	180	\$ 160,000	\$ 46,966
02/19/93	Motor Panels Stamping Co.	3.0%	180	390,000	114,571
01/28/97	Motor Panels Stamping Co.	3.0%	180	<u>490,000</u>	<u>114,493</u>
	Total			<u>\$ 1,040,000</u>	<u>\$ 276,030</u>

Management monitors the collectibility of the revolving loan portfolio on an ongoing basis. As of December 31, 2004, management determined that all of the loan balances listed above were fully collectible.

Community Improvement Corporation of Belmont County
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

NOTE 4 – CONCENTRATIONS

Credit Risk – Cash Balances

At December 31, 2004, the Corporation had several deposit accounts at three federally insured banks. The aggregate bank balance of these accounts exceeded the amount covered by federal deposit insurance by approximately \$1.9 million. Agreements were in place with two banks to provide a pledge of collateral for the Corporation's deposit balances in excess of federal insurance limits. The amount of deposits which are uninsured and uncollateralized at December 31, 2004, was \$1,940,438.

Revenues

The Corporation received 56 percent of its revenues in 2004 through a \$60,000 operating grant from the Belmont County Commissioners. This funding was not renewed in 2005.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

As of December 31, 2004, the Corporation had also committed to provide money from the Revolving Loan Fund for two community projects. The first commitment is for the remaining \$60,000 grant to the Village of Bellaire out of a total grant of \$125,000. The purpose of this grant is to assist with the development of a boat ramp project in conjunction with the Ohio Department of Natural Resources. As reflected in the Statement of Activities, \$65,000 was paid under this grant in 2004. The second commitment is to fund a loan to East Ohio Regional Hospital in the amount of \$500,000.

In June 2005, the Corporation committed to fund a \$1 million equipment loan to a private company from the Revolving Loan Fund.

NOTE 6 - OPERATING LEASE

The Corporation leases office space under an operating lease dated July 1, 2003. The lease expires on June 30, 2005, and is renewable for five consecutive two-year terms. Minimum future lease payments due under the lease are \$4,200 in 2005. The total lease expense incurred in 2004 was \$8,400.



INDEPENDENT AUDITORS' 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

Board of Trustees
Community Improvement Corporation of Belmont County

We have audited the financial statements of Community Improvement Corporation of Belmont County (a nonprofit organization) as of and for the year ended December 31, 2004, and have issued our report thereon dated December 19, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Improvement Corporation of Belmont County'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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Improvement Corporation of Belmont County'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 audit 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*.

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

S. N. Snodgrass, A.C.

Wheeling, West Virginia
December 19, 2005



**Auditor of State
Betty Montgomery**

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COMMUNITY IMPROVEMENT CORPORATION OF BELMONT COUNTY

BELMONT 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
MARCH 28, 2006**