



**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 financial statements of the Community Improvement Corporation, Meigs County, Ohio (the Corporation), as of and for the years ended December 31, 2005, 2004 and 2003, as listed in the table of contents. 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 the Comptroller General of the United States *Government Auditing Standards*. 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 the Community Improvement Corporation, Meigs County, Ohio, as of December 31, 2005, 2004 and 2003, and the results of its operations and the 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 October 20, 2006, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Betty Montgomery
Auditor of State

October 20, 2006

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**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003**

	2005	2004	2003
ASSETS:			
Current Assets:			
Cash in Bank - Checking - Farmers B&S	\$ 53,893	\$ 55,025	\$ 49,595
Cash in Bank - Savings - Farmers B&S	9,751	7,348	7,293
Intergovernmental Receivable			940,000
Total Current Assets	63,644	62,373	996,888
Noncurrent Assets:			
Building - Middleport & Improvements	200,000	200,000	200,000
Land and Improvements - Tuppers Plains	745,000	825,000	825,000
Land and Improvements - Pomeroy	250,000	250,000	250,000
New Building - Pomeroy	850,000	850,000	850,000
New Building - Tuppers Plains	600,000	600,000	600,000
Building - State Garage - AEP	443,420	443,420	443,420
Midwest Steel Building - Pomeroy	700,000	700,000	400,000
Pamida Building and Land	500,000		
Spec Building	1,080,000	1,080,000	
Industrial Park Sign	6,930		
Construction in Progress			435,822
Less: Accumulated Depreciation	(412,906)	(299,112)	(215,998)
Total Non-Current Assets	4,962,444	4,649,308	3,788,244
TOTAL ASSETS	\$ 5,026,088	\$ 4,711,681	\$ 4,785,132
LIABILITIES AND NET ASSETS:			
Current Liabilities:			
Notes Payable - Farmers B&S - Industrial Park	\$ 20,000	\$ 20,000	\$ 100,056
Notes Payable - ODOD - Millenium Bldg	49,174	55,000	43,000
Notes Payable - Farmers B&S - Tuppers Plains Building	27,224	25,952	22,407
Notes Payable - Farmers B&S - Pamida	22,812		
Interest Payable			1,823
Accounts Payable	5,294	6,288	9,405
Contracts Payable			435,822
Deferred Income	2,340		
Deferred Grant Revenue			940,000
Total Current Liabilities	126,844	107,240	1,552,513
Long-Term Liabilities:			
Notes Payable - Farmers B&S - Industrial Park	43,371	113,371	
Notes Payable - ODOD - Millenium Bldg	481,826	531,000	586,000
Notes Payable - Farmers B&S - Tuppers Plains Building	176,091	203,316	229,268
Notes Payable - Farmers B&S - Pamida Building	468,799		
Notes Payable - Spec Building	440,000	440,000	
Total Long-Term Liabilities	1,610,087	1,287,687	815,268
TOTAL LIABILITIES	1,736,931	1,394,927	2,367,781
NET ASSETS			
Unrestricted Net Assets	3,289,157	3,316,754	2,417,351
Total Net Assets	3,289,157	3,316,754	2,417,351
TOTAL LIABILITIES AND NET ASSETS	\$ 5,026,088	\$ 4,711,681	\$ 4,785,132

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

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003**

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Operating Revenues:			
CIC Dues	\$ 1,600	\$ 1,300	\$ 1,300
Lease Revenue	238,979	189,200	195,000
Other Revenue	1,809	9,854	
Total Operating Revenues	<u>242,388</u>	<u>200,354</u>	<u>196,300</u>
Operating Expenses:			
Advertising and Marketing	466	3,184	2,101
Contract - Meigs County			25,000
Janitorial Fees	21,000	21,100	21,000
Lease Payments - Meigs County	27,083	15,833	25,000
Mowing/Snow Removal	505	3,021	4,367
Professional Fees	10,959	2,955	9,887
Property and Other Insurances	12,372	12,344	11,540
Repairs and Maintenance	45,365	11,619	3,598
Real Estate Taxes	21,349	19,372	12,264
Supplies	7,092	2,299	2,005
Utilities	1,015	1,167	3,106
Miscellaneous	1,580	2,987	1,876
Depreciation	113,794	83,114	76,446
Total Operating Expenses	<u>262,580</u>	<u>178,995</u>	<u>198,190</u>
Operating Income (Loss)	<u>(20,192)</u>	<u>21,359</u>	<u>(1,890)</u>
Nonoperating Revenues (Expenses):			
Intergovernmental Grants	35,630	940,000	5,000
Earnings on Investments	63	55	68
Other Nonoperating Revenue			583
Interest and Fiscal Charges	(40,166)	(31,737)	(35,747)
Total Nonoperating Revenues (Expenses)	<u>(4,473)</u>	<u>908,318</u>	<u>(30,096)</u>
Net Income Before Adjustment to Net Assets	(24,665)	929,677	(31,986)
Adjustment to Net Assets:			
Contribution of Building from L.B. Foster Company			400,000
Net Asset Reduction of Capital Assets Sold/Destroyed	(2,932)	(5,000)	(91,750)
Debt Rollover Adjustment to Net Assets		(25,274)	
Total Adjustment to Net Assets	<u>(2,932)</u>	<u>(30,274)</u>	<u>308,250</u>
Net Increase (Decrease) in Net Assets	(27,597)	899,403	276,264
Unrestricted Net Assets - January 1	<u>3,316,754</u>	<u>2,417,351</u>	<u>2,141,087</u>
Unrestricted Net Assets - December 31	<u>\$ 3,289,157</u>	<u>\$ 3,316,754</u>	<u>\$ 2,417,351</u>

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, 2005, 2004 AND 2003**

	2005	2004	2003
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 238,979	\$ 189,200	\$ 195,000
Cash Received from Other Operating Revenues	3,409	11,154	1,300
Cash Payments to Suppliers for Goods and Services	(149,780)	(98,998)	(114,499)
Net Cash Used for Operating Activities	92,608	101,356	81,801
Cash Flows from Noncapital Financing Activities:			
Other Miscellaenous Nonoperating Revenue			583
Real Estate Closing Fees Reimbursed	2,340		
Operating Grants Received	35,630	940,000	5,000
Net Cash Provided by Noncapital Financing Activities	37,970	940,000	5,583
Cash Flows from Capital and Related Financing Activities:			
Principal Payments	(159,342)	(381,463)	(113,277)
Interest and Fiscal Charges	(40,166)	(33,560)	(35,139)
Proceeds from Sale of Public Debt	500,000	764,097	
Net Sale of Real Estate	117,068		79,900
Demolition of Building		(5,000)	(15,400)
Acquisition of Capital Assets	(546,930)	(1,380,000)	
Net Cash Used for Capital and Related Financing Activities	(129,370)	(1,035,926)	(83,916)
Cash Flows from Investing Activities:			
Interest on Investments	63	55	68
Net Cash from Investing Activities	63	55	68
Net Increase in Cash and Cash Equivalents	1,271	5,485	3,536
Cash and Cash Equivalents at Beginning of Year	62,373	56,888	53,352
Cash and Cash Equivalents at End of Year	\$ 63,644	\$ 62,373	\$ 56,888
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Income (Loss)	\$ (20,192)	\$ 21,359	\$ (1,890)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	113,794	83,114	76,446
Changes in Assets and Liabilities:			
Increase (Decrease) in Accounts Payable	(994)	(3,117)	7,245
Total Adjustments	112,800	79,997	83,691
Net Cash Used for Operating Activities	\$ 92,608	\$ 101,356	\$ 81,801

Noncash Transactions:

During 2003, the L.B. Foster Company donated a building to the Corporation that had a fair market value of \$400,000.

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, 2005, 2004 AND 2003**

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.

For the years ended December 31, 2005, 2004 and 2003, 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)(3) 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 \$113,794, \$83,114 and \$76,446 for the years ended December, 31, 2005, 2004 and 2003, respectively.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005, 2004 AND 2003
(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. 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.

3. 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.

4. Cash

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

	2005	2004	2003
Demand deposits	\$63,644	\$62,373	\$ 56,888

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

Concentration of Credit Risk: The Corporation's cash is placed with institutions with high credit ratings. This policy limits the Corporation's exposure to credit risk. However, at various times throughout the year, the Corporation carried amounts in excess of federally insured limits with a local bank.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005, 2004 AND 2003
(Continued)**

5. Debt

The Corporation's debt outstanding at December 31, 2005, 2004 and 2003 was as follows:

	12/31/2005	12/31/2004	12/31/2003
	Principal	Principal	Principal
Industrial Park Note	\$ 63,371	\$ 133,371	\$ 100,056
Millenium Building Note	531,000	586,000	629,000
Tuppers Plains Note	203,315	228,662	251,675
Pamida Building Note	491,611		
Spec Building Note	440,000	440,000	
Total	<u>\$ 1,729,297</u>	<u>\$ 1,388,033</u>	<u>\$ 980,731</u>

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

The Tuppers Plains note, 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, issued by the Ohio Department of Development, for the purpose of constructing a specific building on a site located on East Main Street, Pomeroy, Ohio, was to Millenium TeleCommunications, Inc. The note is interest-free for years one through four.

The Pamida Building Note note, issued by Farmers Bank & Savings, was approved to finance the purchase of Property at 41300 Laurel Cliff Road, Pomeroy Ohio, which was leased to Buckley Brothers, LLC.

The Spec 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 remains unoccupied at December 31, 2005. The note is interest-free for years one through five.

The debt noted above will be paid from operating lease income received from various entities (see Note 6).

The annual requirements to amortize debt outstanding as of December 31, 2005, including interest, are as follows:

Year Ending December 31	Industrial Park	Tuppers Plains	Millenium Building	Pamida Building	Spec Building	Total
2006	\$ 23,278	\$ 42,000	\$ 59,782	\$ 49,281		\$ 174,341
2007	22,700	42,000	59,668	49,281		173,649
2008	22,122	42,000	59,668	49,281		173,071
2009	3,758	42,000	59,551	49,281	\$ 39,039	193,629
2010		42,000	59,430	49,281	51,968	202,679
2011 - 2015		45,753	295,210	246,412	258,288	845,663
2016 - 2020			24,446	221,629	166,366	412,441
Total	<u>\$ 71,858</u>	<u>\$ 255,753</u>	<u>\$ 617,755</u>	<u>\$ 714,446</u>	<u>\$ 515,661</u>	<u>\$ 2,175,473</u>

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005, 2004 AND 2003
(Continued)**

6. Operating Leases

The Corporation had operating leases in effect during 2005, 2004 and 2003 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.
- 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.
- Banks Construction leased the property located at 660 East Main Street, Pomeroy, Ohio for \$600 per month.
- 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
- Luburgh, Inc., leased a building and property located at 736 West Main Street, Building B, Pomeroy, Ohio, for a period of three years, commencing on October 1, 2005 for \$500.00 per month.
- Mountaineer Metal, Inc., leased a building and property located at 736 East Main Street, Pomeroy, Ohio, for a period of one year, commencing on December 1, 2005 for \$2,000 per month.
- Buckley Brothers, LLC, leased a building and property located at 41300 Laurel Cliff Road, Pomeroy, Ohio, for a period of five years, commencing on April 1, 2005 for \$2,979.17 per month and \$5,311.04 per month thereafter.

Revenue from operating leases was recorded at \$238,979 for 2005, \$189,200 for 2004 and \$195,000 for 2003.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
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 financial statements of the Community Improvement Corporation, Meigs County, Ohio (the Corporation), as of and for the years ended December 31, 2005, 2004 and 2003, and have issued our report thereon dated October 20, 2006. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control 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 material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Corporation's management dated October 20, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Corporation's management dated October 20, 2006, we reported an other matter related to noncompliance we deemed immaterial.

Community Improvement Corporation
Meigs County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for 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

October 20, 2006



**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

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 19, 2006**