

**COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY**

YEARS ENDED DECEMBER 31, 2006 AND 2005



Mary Taylor, CPA
Auditor of State

Board of Trustees
Community Improvement Corporation of Monroe County
47084 Black Walnut Pkwy
Woodfield, Ohio 43793-9521

We have reviewed the *Independent Auditors' Report* of the Community Improvement Corporation of Monroe County prepared by Jones, Cochenour & Co., for the audit period January 1, 2005 through December 31, 2006. 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 Monroe County is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 3, 2008

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**COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY**

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INDEPENDENT AUDITORS' REPORT

Community Improvement Corporation, Monroe County
Woodsfield, Ohio

We have audited the accompanying financial statements of Community Improvement Corporation, Monroe County, (the "Corporation") as of and for the years ended December 31, 2006 and 2005. 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 reasonably assure 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 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, Monroe County, as of December 31, 2006 and 2005, 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 October 26, 2007, 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. 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 assessing the results of our audit.

The Community Improvement Corporation, Monroe County has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Jones, Cochenour & Co.
October 26, 2007

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**COMMUNITY IMPROVEMENT CORPORATION, MONROE COUNTY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2006 and 2005**

	2006	2005
CURRENT ASSETS		
Cash and cash equivalents	\$ 41,581	\$ 35,328
Prepaid expenses	1,341	1,378
TOTAL CURRENT ASSETS	\$ 42,922	\$ 36,706
CAPITAL ASSETS		
Property and equipment - net	1,530,736	1,574,276
TOTAL ASSETS	\$ 1,573,658	\$ 1,610,982
CURRENT LIABILITIES		
Accrued payroll and payroll taxes	1,153	1,355
Accrued interest	875	707
Notes payable - current portion	41,878	41,271
Deferred rent	1,446	-
TOTAL CURRENT LIABILITIES	45,352	43,333
NOTES PAYABLE - LESS CURRENT PORTION	355,728	397,608
TOTAL LIABILITIES	401,080	440,941
NET ASSETS		
Unrestricted	1,172,578	1,170,041
TOTAL NET ASSETS	\$ 1,172,578	\$ 1,170,041
TOTAL LIABILITIES AND NET ASSETS	\$ 1,573,658	\$ 1,610,982

See accompanying notes to the financial statements

**COMMUNITY IMPROVEMENT CORPORATION, MONROE COUNTY
STATEMENTS OF ACTIVITY
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005**

	2006	2005
UNRESTRICTED NET ASSETS		
REVENUE		
Intergovernmental income	\$ 38,364	\$ 9,860
Rental income	67,138	73,382
Program income	-	-
Interest income	99	105
Miscellaneous income	201	-
Sale of land	4,662	-
TOTAL REVENUE	110,464	83,347
EXPENSES		
Wages and fringe benefits	15,632	15,383
Accounting fees	10,821	4,313
Supplies	155	75
Real estate tax	13,883	12,255
Advertising	112	382
Utilities	2,281	2,499
Insurance expense	3,530	2,954
Service fees	795	871
Miscellaneous	1,889	2,442
Depreciation expense	43,540	43,863
Interest expense	15,289	9,437
TOTAL EXPENSES	107,927	94,474
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	2,537	(11,127)
NET ASSETS, BEGINNING OF YEAR	1,170,041	1,181,168
NET ASSETS, END OF YEAR	\$ 1,172,578	\$ 1,170,041

See accompanying notes to the financial statements

**COMMUNITY IMPROVEMENT CORPORATION, MONROE COUNTY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 2,537	\$ (11,127)
Adjustments to reconcile (decrease) in net assets to net cash provided by operating activities:		
Depreciation	43,540	43,863
(Increase) decrease in:		
Prepaid expenses	37	(753)
Increase (decrease) in:		
Accrued payroll and payroll taxes	(202)	379
Accrued interest	168	265
Deferred rent	1,446	-
	<u>47,526</u>	<u>32,627</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	47,526	32,627
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes payable	(41,273)	(45,984)
FINANCING ACTIVITIES	<u>(41,273)</u>	<u>(45,984)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,253	(13,357)
BEGINNING CASH AND CASH EQUIVALENTS	<u>35,328</u>	<u>48,685</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 41,581</u>	<u>\$ 35,328</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Taxes paid	\$ 13,883	\$ 12,255
Interest paid	15,289	9,437
TOTAL SUPPLEMENTAL DISCLOSURES	<u>\$ 29,172</u>	<u>\$ 21,692</u>

See accompanying notes to the financial statements

COMMUNITY IMPROVEMENT CORPORATION, MONROE COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 and 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Community Improvement Corporation, Monroe County (the Corporation), is a not-for-profit corporation and was incorporated in 1975 under authority of Ohio Rev. Code Section 1702.01. The Corporation is governed by 17 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 Monroe County, and municipal corporations located therein, for the industrial, commercial, distribution, and research development in such political subdivisions in accordance with Ohio Rev. Code Section 1724.10.

The Corporation's management believes these 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 of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

C. REVENUE RECOGNITION

Income from intergovernmental, rental and program fees are recognized over the period to which fees relate.

D. CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, cash and cash equivalents include all highly liquid investments with initial maturities of three months or less.

E. FEDERAL INCOME TAX

The Corporation has not filed as an exempt organization under Section 501(c) (4) of the Internal Revenue Code.

F. PROPERTY, PLANT AND EQUIPMENT

Equipment is stated at cost and is depreciated over the estimated useful lives by the straight-line method of financial reporting purposes. Repairs and maintenance are charged to operations when incurred and improvements and additions are capitalized. When equipment is sold, or otherwise disposed of, the net asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

G. ESTIMATES

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

COMMUNITY IMPROVEMENT CORPORATION, MONROE COUNTY

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2006 and 2005**

2. CASH

The Corporation maintains a general checking account with a local bank. The Bank carrying amount of cash at December 31, 2006 and 2005 is \$41,581 and \$35,328, respectively.

3. PLANT, PROPERTY & EQUIPMENT

The Corporation owns the 13,500 square foot facility in the Monroe Industrial Park Housing Industrial Paint & Strip, Inc., and the Black Walnut Center, Multi-Tenant Building.

Property and equipment consists of:

	2006	2005
Land	\$ 30,000	\$ 30,000
Building	1,696,143	1,696,143
Equipment	1,122	1,122
Total Property and Equipment	1,727,265	1,727,265
Less: Accumulated depreciation	(196,529)	(152,989)
Net Total	1,530,736	1,574,276

4. DEBT

Debt outstanding at December 31, 2006 and 2005, are as follows:

	2006 <u>Principal</u>	2005 <u>Principal</u>	<u>Interest Rate</u>
Rural Industrial Park Loan	\$301,667	\$330,823	0%,3%
Commercial Loan – Wesbanco	\$36,283	\$39,449	8.25%
Promissory Note – Monroe County Chamber of Commerce	\$9,375	\$10,875	0%
Promissory Note – Pioneer Larger Parish of Monroe County	\$6,166	\$7,167	0%
Promissory Note – Wesbanco	\$15,515	\$17,967	7.25%
Promissory Note – Woodsfield Savings Bank	\$14,711	\$16,487	6.00%
Promissory Note – Citizens National Bank of Woodsfield	\$13,889	\$16,111	5.25%
TOTAL DEBT	\$397,606	\$438,879	

The Rural Industrial Park Loan is between the Corporation and the State of Ohio, Department of Development, for the purpose of constructing a 13,500 square foot facility in the Monroe Industrial Park in Monroe County, Ohio. The loan does not bear interest for years one through five. Years six through fifteen will bear interest at a rate of three percent (3%), plus a service fee equal to one quarter of one percent (.25%) per annum. The loan is secured by an open-end mortgage on the property and the loan will be repaid through the lease income received from the building occupants.

The commercial loan financed with Wesbanco is to assist with the cost associated with the construction of a 13,500 square foot facility in the Monroe Industrial Park. The loan is collateralized by an assignment of a lease executed by the Corporation and Industrial Paint and Strip, Inc. (See Note 5)

COMMUNITY IMPROVEMENT CORPORATION, MONROE COUNTY

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2006 and 2005**

4. DEBT - CONTINUED

The Promissory Notes between the Corporation and the Monroe County Chamber of Commerce, Pioneer Larger Parish of Monroe County, Wesbanco, Citizens National Bank of Woodsfield Savings Bank were to cover costs related to the design, construction and operation of the Monroe County Multi-Tenant Building.

The revenues of the Corporation are pledged to repay this debt. The Corporation does own title to the building.

Amortization of the above debt including interest, are as follows:

Year Ending December 31	Rural Industrial Park Loan	Commercial Loan: Wesbanco	Promissory Note: Monroe County Chamber of Commerce	Promissory Note: Pioneer Larger Parish of Monroe County	Promissory Note: Wesbanco	Promissory Note: Woodsfield Savings Bank	Promissory Note: Citizens National Bank	Total
2007	\$ 39,242	\$ 5,907	\$ 1,500	\$ 1,000	\$ 3,719	\$ 2,665	\$ 3,007	\$ 57,040
2008	39,242	5,907	1,500	1,000	3,719	2,665	3,007	\$ 57,040
2009	39,242	5,907	1,500	1,000	3,719	2,665	3,007	\$ 57,040
2010	39,242	5,907	1,500	1,000	3,719	2,665	3,007	\$ 57,040
2011	39,242	5,907	1,500	1,000	3,719	2,665	3,007	\$ 57,040
Thereafter	147,156	23,632	1,875	1,166	311	222	3,758	\$ 178,120
Totals	\$ 343,366	\$ 53,167	\$ 9,375	\$ 6,166	\$ 18,907	\$ 13,547	\$ 18,793	\$ 463,320
							Less: Current portion	(57,040)
							Total Long-term Debt	<u>\$ 406,280</u>
		12/31/2006	12/31/2005					
Total notes excluding interest		\$ 397,606	\$ 438,879					
Less: Current portion		(41,878)	(41,271)					
Total Long-term Debt		<u>\$ 355,728</u>	<u>\$ 397,608</u>					

5. COMMERCIAL LEASES

A. INDUSTRIAL PAINT & STRIP, INC.

The Corporation entered into a 10-year commercial lease agreement with Industrial Paint & Strip, Inc. (IPS) to occupy the 13,500 square foot facility in the Monroe Industrial Park.

During the first (5) year period of the lease, IPS is to pay \$3,500 per month beginning January 15, 2001, payable without demand and without offset or deduction, except as expressly provided in the agreement, payable on the 15th day of each month.

During the second five (5) year period of the lease, the monthly lease payment will be adjusted to reflect changes in the Corporation's cost of funds, including both interest and principal. Interest will be computed at a rate no greater than 50% of the prime rate, which shall be determined by the Director of Development, plus a service fee equal to one quarter of one percent (.25%) annually.

As additional rental, IPS agreed to pay the sum of \$9,700 commencing January 1, 2001, with monthly payments of \$291 for a period of 36 months. The additional \$9,700 advancement was made by the Monroe County Commissioners for an application fee to the State Department of Development for the Rural Industrial Park Loan.

As additional rental, IPS will reimburse the Corporation the monthly payment due and owed on the \$56,187 participation loan at \$621 per month. The loan carries interest at a fixed rate of the prime rate plus 1% for the first 5 years and thereafter adjusts annually to the prime rate plus 1%.

COMMUNITY IMPROVEMENT CORPORATION, MONROE COUNTY

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2006 and 2005**

5. COMMERCIAL LEASES - CONTINUED

B. MONROE COUNTY DEPARTMENT OF ECONOMIC DEVELOPMENT

The Corporation entered into a month-to-month lease with the Monroe County Job & Family Services for the use of approximately 1,000 square feet of the Black Walnut Center, Multi-Tenant Building as office space for the Monroe County Office of Economic Development. The lease may be canceled upon 90 days written notice.

The Monroe County Job & Family Services are to pay \$650 per month, payable without any prior demand and without any deduction or offset, payable on the 1st day of each month.

C. BROADBAND

The Corporation entered into a two year lease with The Guernsey, Monroe and Noble Tri-County GMN for the purpose of housing the Broadband Community Center. The lease may be canceled upon 90 days written notice. The lease also contains a two year renewal option.

The lease amount is \$955 per month for the first year and \$1,200 per month for the second year, payable without any prior demand and without any deduction or offset, payable on the 1st day of each month.

6. RELATED PARTY

The corporation's books are in the care of one of its board member's and the services that would otherwise be charged by a Certified Public Accountant are provided for a fee. The accounting fees for the years ended December 31, 2006 and 2005 are \$4,350 and \$4,100, respectively.

7. SUBSEQUENT EVENTS

The Monroe County Community Improvement Corporation has received two grants for the renovation and construction in the unfinished part of the building, known as the Black Walnut Center. The renovation will cover approximately 19,000 square feet.

Monroe Community Improvement Corporation received an ARC grant in the amount of \$69,880 and an Industrial Site Improvement Fund grant in the amount of \$209,641. The total cost for the renovations is \$279,521. The project is expected to be finished before October 1, 2008.



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**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***

Community Improvement Corporation, Monroe County
Woodsfield, Ohio

We have audited the basic financial statements of Community Improvement Corporation, Monroe County as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated October 26, 2007 wherein we noted the Corporation followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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, Monroe County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Improvement Corporation, Monroe County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Improvement Corporation, Monroe 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 that are required to be reported under *Government Auditing Standards*.

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This report is intended solely for the information and use of the board of directors, management and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Jones, Cochenour & Co.

**Jones, Cochenour & Co.
October 26, 2007**



Mary Taylor, CPA
Auditor of State

MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION

MONROE 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
JANUARY 17, 2008**