



Dave Yost • Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION
GALLIA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Community Improvement Corporation
Gallia County
16 State Street
P.O. Box 465
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the accompanying financial statements of the Community Improvement Corporation, Gallia County, Ohio (the Corporation), as of and for the years ended December 31, 2010 and 2009, 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 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 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, Gallia County, Ohio, as of December 31, 2010 and 2009, and the changes in financial position and where applicable, 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 9, 2011, 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 black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

June 9, 2011

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**COMMUNITY IMPROVEMENT CORPORATION
GALLIA COUNTY**

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2010**

ASSETS:

Current Assets:

Cash	\$ 384,660
Investments - Certificates of Deposit	369,281
Interest Receivable	<u>5,947</u>

Total Current Assets 759,888

Noncurrent Assets:

Property and Equipment, Net of Accumulated Depreciation	1,257,943
Land	1,958,670
Deposits	<u>21</u>

Total Noncurrent Assets 3,216,634

TOTAL ASSETS **\$ 3,976,522**

LIABILITIES AND NET ASSETS:

Current Liabilities:

Intergovernmental Payable	\$ 386
Notes Payable	<u>71,070</u>

Total Current Assets 71,456

Long-Term Liabilities:

Notes Payable	<u>319,282</u>
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Total Long-Term Liabilities 319,282

TOTAL LIABILITIES 390,738

NET ASSETS

Unrestricted	<u>3,585,784</u>
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TOTAL NET ASSETS 3,585,784

TOTAL LIABILITIES AND NET ASSETS **\$ 3,976,522**

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

**COMMUNITY IMPROVEMENT CORPORATION
GALLIA COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010**

Changes in Net Assets:

Revenues:

Interest Income	\$ 1,704
Rent	321,126
Sponsor Income	<u>1,000</u>
Total Revenues	<u>323,830</u>

Expenses:

Project Expense	368,134
General and Administrative Expense	36,524
Interest Expense	15,949
Depreciation	<u>40,102</u>
Total Expenses	<u>460,709</u>

Increase in Net Assets (136,879)

Other Financing Receipts:

Sale of Fixed Assets	<u>266,741</u>
Total Other Financing Receipts	266,741

Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements 129,862

Net Assets - January 1 3,455,922

Net Assets - December 31 \$ 3,585,784

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

**COMMUNITY IMPROVEMENT CORPORATION
GALLIA COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Cash Flows from Operating Activities:	
Change in Net Assets	\$ 129,862
Adjustments to Reconcile Changes in Net Assets to Net	
Cash Provided by (Used by) Operating Activities:	
(Increase) Decrease in Accumulated Depreciation	40,102
Increase (Decrease) in Intergovernmental Payable	<u>55</u>
Net Cash Provided by (Used by) Operating Activities	<u>170,019</u>
Cash Flows from Investing Activities:	
Sale of Assets	<u>221,010</u>
Net Cash Provided by (Used by) Investing Activities	<u>221,010</u>
Cash Flows from Financing Activities:	
Principal Payment on Debt	<u>(91,205)</u>
Net Cash Provided by (Used by) Financing Activities	<u>(91,205)</u>
Net Increase/(Decrease) in Cash	299,824
Cash and Cash Equivalents at the January 1, 2010	454,117
Cash and Cash Equivalents at the December 31, 2010	<u><u>\$ 753,941</u></u>
Supplemental Disclosure Information:	
Interest Paid During the Year	<u><u>\$ 14,965</u></u>

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

**COMMUNITY IMPROVEMENT CORPORATION
GALLIA COUNTY**

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2009**

ASSETS:

Current Assets:

Cash	\$ 84,836
Investments - Certificates of Deposit	369,281
Interest Receivable	<u>5,947</u>
Total Current Assets	460,064

Noncurrent Assets:

Property and Equipment, Net of Accumulated Depreciation	1,298,045
Land	2,179,680
Deposits	<u>21</u>
Total Noncurrent Assets	<u>3,477,746</u>

TOTAL ASSETS **\$ 3,937,810**

LIABILITIES AND NET ASSETS:

Current Liabilities:

Intergovernmental Payable	\$ 331
Notes Payable	<u>92,375</u>
Total Current Assets	92,706

Long-Term Liabilities:

Notes Payable	<u>389,182</u>
Total Long-Term Liabilities	<u>389,182</u>

TOTAL LIABILITIES 481,888

NET ASSETS

Unrestricted	<u>3,455,922</u>
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TOTAL NET ASSETS 3,455,922

TOTAL LIABILITIES AND NET ASSETS **\$ 3,937,810**

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

**COMMUNITY IMPROVEMENT CORPORATION
GALLIA COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

Changes in Net Assets:

Revenues:

Interest Income	\$ 18,644
Rent	<u>324,821</u>
Total Revenues	<u>343,465</u>

Expenses:

Project Expense	151,840
General and Administrative Expense	46,067
Interest Expense	22,108
Depreciation	<u>40,120</u>
Total Expenses	<u>260,135</u>

Increase in Net Assets 83,330

Other Financing Receipts:

Sale of Fixed Assets	<u>21,599</u>
Total Other Financing Receipts	<u>21,599</u>

Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements 104,929

Net Assets - January 1 3,350,993

Net Assets - December 31 **\$ 3,455,922**

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

**COMMUNITY IMPROVEMENT CORPORATION
GALLIA COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Cash Flows from Operating Activities:	
Change in Net Assets	\$ 104,929
Adjustments to Reconcile Changes in Net Assets to Net	
Cash Provided by (Used by) Operating Activities:	
(Increase) Decrease in Accumulated Depreciation	40,120
(Increase) Decrease in Interest Receivable	739
Increase (Decrease) in Intergovernmental Payable	<u>(223)</u>
Net Cash Provided by (Used by) Operating Activities	<u>145,565</u>
Cash Flows from Financing Activities:	
Principal Payment on Debt	<u>(95,655)</u>
Net Cash Provided by (Used by) Financing Activities	<u>(95,655)</u>
Net Increase/(Decrease) in Cash	49,910
Cash and Cash Equivalents at the January 1, 2009	404,207
Cash and Cash Equivalents at the December 31, 2009	<u><u>\$ 454,117</u></u>
Supplemental Disclosure Information:	
Interest Paid During the Year	<u><u>\$ 20,859</u></u>

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

**COMMUNITY IMPROVEMENT CORPORATION
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Community Improvement Corporation, Gallia County (the Corporation), is a not-for-profit corporation and was incorporated on December 2, 1964, under the 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 industrial, economic, commercial and civic development of Gallia County, Ohio.

The Corporation's management believes these financial statements present all activities for which the Corporation is financially accountable.

B. Accounting Basis

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 Non-For-Profit Organizations" (SFAS No. 117). The statements of the new standards have been applied to the years presented.

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.
- **Temporary 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 stipulation that they be maintained permanently or until all donor imposed restrictions are met by the organization. Generally, the donors of these assets permitted organizations to use all or part of the income earned on related investments for general or specific purposes.

As of December 31, 2010, all assets were 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)(4) 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.

**COMMUNITY IMPROVEMENT CORPORATION
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 \$40,102 and \$40,120 the years ended December 31, 2010 and 2009, respectively.

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 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. Property, Plant, and Equipment

Property and equipment and related accumulated depreciation at December 31, 2010 and 2009 are as follows:

	2010	2009
Land and Improvements	\$1,958,670	\$2,179,680
Buildings	946,673	946,673
Leasehold Improvements	616,459	616,459
Furniture, Fixtures and Equipment	19,807	19,807
Less: Accumulated Depreciation	(324,996)	(284,894)
Total	\$3,216,613	\$3,477,725

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 850 in Gallia County, Ohio. Several businesses have moved into the Industrial Park as of December 31, 2010.

4. Cash and Investments

The Corporation maintains a checking account, market watch account and certificates of deposit. The carrying amount of cash at December 31 was as follows:

	2010	2009
Demand deposits	\$384,560	\$84,736
Certificates of Deposit	369,281	369,281
Petty Cash	100	100
Total deposits and investments	\$753,941	\$454,117

**COMMUNITY IMPROVEMENT CORPORATION
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

4. Cash and Investments (Continued)

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000 for 2010 and 2009. Deposits in excess of these amounts 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.

5. Debt

Notes payable at December 31, 2010, were as follows:

	Principal	Interest Rate
Infocision - Wesbanco	\$24,280	5.0%
Ohio Department of Development Loan	366,072	3.0%
Total	\$390,352	

The Infocision – Wesbanco note was approved to finance improvements to the leased Cornett Building which was subleased to Infocision Management Corporation. Payments as of December 31, 2010 are \$4,048 monthly, including principal and interest. Interest adjusts every 36 months to 3.25% above the US Treasury average monthly yield. The note is secured by the assignment of the lease from Infocision to the Corporation.

The Ohio Department of Development loan was approved for the purpose of constructing a speculative building as well as for infrastructure improvements on a site in the Dan Evans Industrial Park. Repayment commenced upon the lease of the building to Jackson Pike Associates, LLC, on January 2, 2004. The loan was interest-free through 2007 and then adjusted to 3% for the remainder of the loan term.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Infocision - Wesbanco	Ohio Department of Development Loan
2011	\$24,342	\$57,936
2012		57,936
2013		57,936
2014		57,936
2015		57,936
2016-2017		118,375
Total	\$24,342	\$408,055

6. Operating Leases

The Corporation leases office facilities under a one year lease for \$833 per month. The total lease expense was \$10,000 for the years ended December 31, 2010 and 2009.

**COMMUNITY IMPROVEMENT CORPORATION
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Operating Leases (Continued)

The Corporation entered into a building lease with John L. and Ann Cornett and George R. and Margaret Cornett on August 8, 2000. The rent was \$10,000 per month for a period of three years, increasing \$83 per month in year four. The Corporation then signed a new lease with the same lessors beginning in May 2005 requiring rent of \$6,300 per month. Total lease expense for 2010 and 2009 was \$75,600 for both years. The Corporation originally subleased this building to Infocision Management Corporation, for \$5,758 per month. Beginning June, 2001, the lease amount increased to \$10,743.75 per month due to increased space incorporated into the lease agreement. Then in 2007, a new 9 month sublease was entered into that increased rent costs to \$11,250 per month. A 12 month extension of this lease was then entered into. This extension increased rental costs \$11,750 per month. After this extension expired, the Corporation signed a six month extension covering November 2009 through April 2010. After April 2010, no new lease was entered into. Instead, they have been operating on a month to month basis.

Jackson Pike Associates, LLC, leased a speculative building situated in Dan Evans Industrial Park, Springfield Township, Gallia County, Ohio, for a term of 10.8 years, commencing on January 2, 2004, for \$10,416.67 per month. In addition to the lease agreement, Jackson Pike Associates, LLC, paid the Corporation for a portion of property taxes on the building in 2010 and 2009.

The total amount of rental income was \$321,126 and \$324,821 for the years ended December 31, 2010 and 2009, respectively.

7. Advertising and Marketing

The Corporation's policy is to currently expense all advertising and marketing costs as the benefit is directly related to current periods with minimal future benefit.

8. Subsequent Events

On February 10, 2011, the Board approved paying off the WesBanco loan with proceeds received from the sale of a lot at the Industrial Park. On March 10, 2011, the Board also approved paying off the Ohio Department of Development loan.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Community Improvement Corporation
16 State Street
P.O. Box 465
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the financial statements of the Community Improvement Corporation, Gallia County, Ohio (the Corporation), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 9, 2011. 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 as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Corporation's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider Finding 2010-01 described in the accompanying Schedule of Findings to be a material weakness.

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*.

We did note certain matters not requiring inclusion in this report that we reported to the Corporation's management in a separate letter dated June 9, 2011.

We intend this report solely for the information and use of management, the Board of Trustees, and others within the Corporation. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 9, 2011

**COMMUNITY IMPROVEMENT CORPORATION
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-01

Material Weakness

Sound financial reporting is the responsibility of the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the financial statements had the following errors that required audit adjustment or reclassification:

For the year ended December 31, 2009:

- Rent Revenue in the amount of \$46,817 was posted as negative expenditures. We reclassified these to increase the rental income and the project expenses.
- Long-term debt in the amount of \$92,375 was reclassified to current liabilities.
- Land rented to Holzer valued at \$134,443 was reclassified from Property and Equipment to Land.
- A \$2,612 reduction from the beginning balance was reclassified as a reduction in interest.

For the year ended December 31, 2010:

- Rent Revenue in the amount of \$44,705 was posted as negative expenditures. We reclassified these to increase the rental income and the project expenses.
- Long-term debt in the amount of \$71,070 was reclassified to current liabilities.
- Land rented to Holzer valued at \$134,443 was reclassified from Property and Equipment to Land.
- Unrecorded cost of land sold, valued at \$221,010, was posted.
- Unrecorded depreciation expense and accumulated depreciation in the amount of \$40,102 was posted.
- A \$118,341 reduction to the beginning balance was reclassified as project expenses.

To ensure the Corporation's financial statements and notes to the financial statements are complete and accurate, the Corporation should adopt policies and procedures, including a final review of the statements and notes by the Board of Trustees to identify and correct errors or omissions.

Officials' Response:

We will monitor expenditures in the future to ensure proper posting.

**COMMUNITY IMPROVEMENT CORPORATION
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Inaccurate Financial Reporting.	No	Not corrected. Repeated as 2010-01.



Dave Yost • Auditor of State

GALLIA COMMUNITY IMPROVEMENT CORPORATION

GALLIA 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
JULY 12, 2011**