



Mary Taylor, CPA  
Auditor of State



**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Statement of Financial Position – For the Year Ended December 31, 2008.....	3
Statement of Activities – For the Year Ended December 31, 2008.....	4
Statement of Cash Flows – For the Year Ended December 31, 2008.....	5
Statement of Financial Position – For the Year Ended December 31, 2007.....	6
Statement of Activities – For the Year Ended December 31, 2007.....	7
Statement of Cash Flows – For the Year Ended December 31, 2007.....	8
Notes to the Financial Statements.....	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings.....	15
Schedule of Prior Audit Findings.....	16

**This page intentionally left blank.**



# Mary Taylor, CPA

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, 2008 and 2007, 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, Gallia County, Ohio, as of December 31, 2008 and 2007, 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 December 7, 2009, 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 "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

December 7, 2009

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

**This page intentionally left blank.**

**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**ASSETS:**

Current Assets:

Cash	\$ 71,041
Investments - Certificates of Deposit	333,166
Interest Receivable	<u>6,686</u>

Total Current Assets 410,893

Noncurrent Assets:

Office Furniture and Fixtures	19,807
Leasehold Improvements	616,458
Buildings	946,673
Land	2,179,680
Deposits	21
Less: Accumulated Depreciation	<u>(244,774)</u>

Total Noncurrent Assets 3,517,865

**TOTAL ASSETS** \$ 3,928,758

**LIABILITIES AND NET ASSETS:**

Current Liabilities:

Intergovernmental Payable	\$ 554
Notes Payable	<u>95,166</u>

Total Current Assets 95,720

Long-Term Liabilities:

Notes Payable	<u>482,045</u>
---------------	----------------

Total Long-Term Liabilities 482,045

**TOTAL LIABILITIES** 577,765

**NET ASSETS**

Unrestricted	<u>3,350,993</u>
--------------	------------------

**TOTAL NET ASSETS** 3,350,993

**TOTAL LIABILITIES AND NET ASSETS** \$ 3,928,758

*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, 2008**

**Changes in Net Assets:**

**Revenues:**

Contributions	\$ 40,000
Interest Income	7,665
Rent	297,183
Sponsor Income	11,650
Reimbursement	<u>16,223</u>

Total Revenues 372,721

**Expenses:**

Project Expense	138,554
General and Administrative Expense	98,020
Interest Expense	22,537
Depreciation	<u>40,138</u>

Total Expenses 299,249

Increase in Net Assets 73,472

Net Assets - January 1 3,277,521

**Net Assets - December 31** **\$ 3,350,993**

*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, 2008**

<b>Cash Flows from Operating Activities:</b>	
Change in Net Assets	\$ 73,472
<b>Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used by) Operating Activities:</b>	
(Increase) Decrease in Accumulated Depreciation	40,138
(Increase) Decrease in Interest Receivable	(4,091)
Increase (Decrease) in Intergovernmental Payable	<u>(2,068)</u>
Net Cash Provided by (Used by) Operating Activities	<u>107,451</u>
<b>Cash Flows from Financing Activities:</b>	
Principal Payment on Debt	<u>(76,286)</u>
Net Cash Provided by (Used by) Financing Activities	<u>(76,286)</u>
<b>Net Increase/(Decrease) in Cash</b>	31,165
Cash and Cash Equivalents at the January 1, 2008	<u>373,042</u>
<b>Cash and Cash Equivalents at the December 31, 2008</b>	<u><u>\$ 404,207</u></u>
<b>Supplemental Disclosure Information:</b>	
Interest Paid During the Year	<u><u>\$ 7,665</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, 2007**

**ASSETS:**

Current Assets:

Cash	\$ 217,487
Investments - Certificates of Deposit	155,555
Interest Receivable	<u>2,595</u>

Total Current Assets 375,637

Noncurrent Assets:

Office Furniture and Fixtures	19,807
Leasehold Improvements	616,458
Buildings	946,673
Land	2,179,680
Deposits	21
Less: Accumulated Depreciation	<u>(204,636)</u>

Total Noncurrent Assets 3,558,003

**TOTAL ASSETS** **\$ 3,933,640**

**LIABILITIES AND NET ASSETS:**

Current Liabilities:

Intergovernmental Payable	\$ 2,622
Notes Payable	<u>83,634</u>

Total Current Assets 86,256

Long-Term Liabilities:

Notes Payable	<u>569,863</u>
---------------	----------------

Total Long-Term Liabilities 569,863

**TOTAL LIABILITIES** 656,119

**NET ASSETS**

Unrestricted	<u>3,277,521</u>
--------------	------------------

**TOTAL NET ASSETS** 3,277,521

**TOTAL LIABILITIES AND NET ASSETS** **\$ 3,933,640**

*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, 2007**

**Changes in Net Assets:**

**Revenues:**

Contributions	\$ 40,000
Interest Income	16,561
Rent	315,459
Sponsor Income	62,000
Miscellaneous	<u>2,500</u>

Total Revenues 436,520

**Expenses:**

Project Expense	134,640
General and Administrative Expense	104,882
Interest Expense	13,496
Depreciation	<u>40,223</u>

Total Expenses 293,241

Increase in Net Assets 143,279

**Other Financing Receipts:**

Sale of Fixed Assets 2,500

Total Other Financing Receipts 2,500

Excess of Cash Receipts and Other Financing  
Receipts Over/(Under) Cash Disbursements 145,779

Net Assets - January 1 3,131,742

**Net Assets - December 31** **\$ 3,277,521**

*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, 2007**

<b>Cash Flows from Operating Activities:</b>	
Change in Net Assets	\$ 145,779
<b>Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used by) Operating Activities:</b>	
(Increase) Decrease in Accumulated Depreciation	40,223
(Increase) Decrease in Interest Receivable	(2,595)
Increase (Decrease) in Intergovernmental Payable	<u>2,622</u>
Net Cash Provided by (Used by) Operating Activities	<u>186,029</u>
<b>Cash Flows from Financing Activities:</b>	
Principal Payment on Debt	<u>(87,398)</u>
Net Cash Provided by (Used by) Financing Activities	<u>(87,398)</u>
<b>Net Increase/(Decrease) in Cash</b>	98,631
Cash and Cash Equivalents at the January 1, 2007	274,411
<b>Cash and Cash Equivalents at the December 31, 2007</b>	<u><u>\$ 373,042</u></u>
<b>Supplemental Disclosure Information:</b>	
Interest Paid During the Year	<u><u>\$ 16,561</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, 2008 AND 2007**

**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, 2008, 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, 2008 AND 2007  
(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 \$40,138 and \$40,223 for the years ended December 31, 2008 and 2007, 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, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Land and Improvements	\$2,179,680	\$2,179,680
Buildings	946,673	946,673
Leasehold Improvements	616,458	616,458
Furniture, Fixtures and Equipment	19,807	19,807
Less: Accumulated Depreciation	<u>(244,774)</u>	<u>(204,636)</u>
Total	<u>\$3,517,844</u>	<u>\$3,557,982</u>

**3. Industrial Park**

This property consists of raw land and development costs expended to date on the industrial part and sewer project on State Route 850 in Gallia County, Ohio.

**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**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:

	2008	2007
Demand deposits	\$70,941	\$217,387
Certificates of Deposit	333,166	155,555
Petty Cash	100	100
Total deposits and investments	\$404,207	\$373,042

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation up to \$100,000 for 2007 and \$250,000 for 2008. 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, 2008, were as follows:

	Principal	Interest Rate
Infocision - Wesbanco	\$113,433	5%
Ohio Department of Development Loan	463,778	3%
Total	\$577,211	

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, 2008 are \$4,131 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.

**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**5. Debt (Continued)**

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

Year ending December 31:	Infocision - Wesbanco	Ohio Department of Development Loan
2009	\$49,576	\$57,936
2010	49,576	57,936
2011	28,914	57,936
2012		57,936
2013		57,936
2014-2017		230,813
Total	<u>\$128,066</u>	<u>\$520,493</u>

**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, 2008 and 2007.

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 2008 and 2007 was \$75,600 for both years. Subsequently, the Corporation subleased the 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 lease expired, a new lease was never 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 2007 and 2008.

The total amount of rental income was \$297,183 and \$315,459 for the years ended December 31, 2008 and 2007, 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.





# Mary Taylor, CPA

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, 2008 and 2007, and have issued our report thereon dated December 7, 2009. 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 expressing our opinion on the financial statements, but not to opine 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 Corporation'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 the Corporation's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-001 described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Corporation's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We do not believe the significant deficiency described above is a material weakness.

We also noted certain internal control matters that we reported to the Corporation's management in a separate letter dated December 7, 2009.

#### **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 noncompliance or other matters that we reported to the Corporation's management in a separate letter dated December 7, 2009.

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



**Mary Taylor, CPA**  
Auditor of State

December 7, 2009

**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2008-001**

**Significant Deficiency**

**Financial Reporting**

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:

- In 2007, \$42,711 in rental revenue was posted as negative expenditures. We reclassified these to increase the rental income and the project expenses.
- In 2007, \$40,000 was reclassified from sponsorship income to contributions.
- In 2007, \$83,634 was reclassified from long term debt to current liabilities.
- In 2008, \$42,929 in rental revenue was posted as negative expenditures. We reclassified these to increase the rental income and the project expenses.
- In 2008, \$40,000 was reclassified from sponsorship income to contributions.
- In 2008, \$95,166 was reclassified from long term debt to current liabilities.

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:**

The Corporation did not respond to this finding.

**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	Incorrect Financial Reporting.	No	Not corrected. Repeated as 2008-001.



**Mary Taylor, CPA**  
Auditor of State

**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  
DECEMBER 22, 2009**