

**MONROE COUNTY COMMUNITY
IMPROVEMENT CORPORATION
MONROE COUNTY
Regular Audit
For the Years Ended December 31, 2008 and 2007**

***Perry & Associates*
Certified Public Accountants, A.C.**



Mary Taylor, CPA
Auditor of State

Board of Trustees
Monroe County Community Improvement Corporation
47084 Black Walnut Parkway
Woodsfield, Ohio 43793

We have reviewed the *Independent Accountant's Report* of the Monroe County Community Improvement Corporation, Monroe County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2007 through December 31, 2008. 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 Monroe County Community Improvement Corporation is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 6, 2009

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**MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY**

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INDEPENDENT ACCOUNTANT'S REPORT

June 16, 2009

Board of Trustees
Monroe County Community Improvement Corporation
47084 Black Walnut Parkway
Woodsfield, Ohio 43793

To the Board of Trustees:

We have audited the accompanying financial statements of the **Monroe County Community Improvement Corporation, Monroe County, Ohio** (the Corporation), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Corporation's basic financial statements 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Corporation, as of December 31, 2008 and 2007, and the respective changes in financial position and cash flows thereof, 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 16, 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.

Respectfully Submitted,



Perry & Associates
Certified Public Accountants, A.C.

Monroe County Community Improvement Corporation

Statements of Financial Position

As of December 31, 2008 and 2007

	2008	2007
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 24,498	\$ 16,054
Accounts Receivable	141	392
Rent Receivable	11,324	4,412
Program Fees Receivable	-	20,518
Prepaid Expenses	1,401	1,345
TOTAL CURRENT ASSETS	37,364	42,721
CAPITAL ASSETS		
Land	30,000	30,000
Buildings, Furniture and Equipment	1,971,654	1,748,870
TOTAL CAPITAL ASSETS	2,001,654	1,778,870
Less: Accumulated depreciation	(289,714)	(240,254)
NET CAPITAL ASSETS	1,711,940	1,538,616
TOTAL ASSETS	\$ 1,749,304	\$ 1,581,337
CURRENT LIABILITIES		
Accrued Payroll and Payroll Taxes	\$ 296	\$ 569
Deferred Rent	700	-
Accrued Interest	445	667
Current Portion of Notes Payable	46,376	86,555
TOTAL CURRENT LIABILITIES	47,817	87,791
LONG-TERM LIABILITIES		
Notes Payable (net of current portion)	264,833	311,209
TOTAL LONG-TERM LIABILITIES	264,833	311,209
TOTAL LIABILITIES	312,650	399,000
NET ASSETS		
Unrestricted	1,436,654	1,182,337
TOTAL NET ASSETS	1,436,654	1,182,337
TOTAL LIABILITIES AND NET ASSETS	\$ 1,749,304	\$ 1,581,337

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

Monroe County Community Improvement Corporation

Statements of Activities

For the Years Ended December 31, 2008 and 2007

	2008	2007
REVENUE		
Intergovernmental	\$ 267,060	\$ 12,460
Lease Income	52,943	52,943
Rent	16,850	12,278
Program Fees	12,687	29,718
Interest	26	65
Miscellaneous	31,569	8,589
TOTAL REVENUES	381,135	116,053
EXPENSES		
Wages and Fringe Benefits	4,769	13,044
Accounting and Professional Fees	14,099	3,950
Supplies	298	700
Real Estate Tax	16,669	16,152
Advertising	104	657
Utilities	16,528	6,396
Insurance Expense	3,595	4,120
Service Fees	1,002	620
Miscellaneous	3,434	2,220
Depreciation	49,460	43,725
Interest and Fees Expense	16,860	14,710
TOTAL EXPENSES	126,818	106,294
CHANGES IN NET ASSETS	254,317	9,759
NET ASSETS, BEGINNING OF YEAR	1,182,337	1,172,578
NET ASSETS, END OF YEAR	\$ 1,436,654	\$ 1,182,337

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

Monroe County Community Improvement Corporation
Statements of Cash Flows
For the Years Ended December 31, 2008 and 2007

	2008	2007
Cash Flows from Operating Activities:		
Cash Received	\$ 394,292	\$ 89,285
Cash Payments for Employee Services and Benefits	(5,042)	(13,628)
Cash Payments for Goods and Services	(71,467)	(49,738)
Net cash provided by operating activities	317,783	25,919
Cash Flows from Capital and Related Financing Activities:		
Interest Paid on Debt	(17,082)	(14,918)
Principal Payment on Loans	(86,555)	(42,420)
Line of Credit Proceeds	-	42,578
Acquisition of Capital Assets	(205,702)	(36,686)
Net Cash Used for Capital and Related Financing Activities	(309,339)	(51,446)
Net Increase in Cash and Cash Equivalents	8,444	(25,527)
Beginning Cash Balance	16,054	41,581
Ending Cash Balance	\$ 24,498	\$ 16,054
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 254,317	\$ 9,759
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	49,460	43,725
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	251	(392)
Decrease (increase) in Rent Receivable	(6,912)	(4,412)
Decrease (increase) in Program Fees Receivable	20,518	(20,518)
Decrease (increase) in Prepaid Expenses	(56)	(5)
Increase (decrease) in Accrued Interest	(222)	(208)
Increase (decrease) in Accrued Payroll and Payroll Taxes	(273)	(584)
Increase (decrease) in Deferred Rent	700	(1,446)
Total adjustments	63,466	16,160
Net cash provided by operating activities	\$ 317,783	\$ 25,919

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

Monroe County Community Improvement Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2008 and 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Community Improvement Corporation, Monroe County (the Corporation), is a non-profit corporation incorporated in 1975 under authority of Ohio Revised 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 Revised Code Section 1724.10.

Management believes the financial statements included in this report represent all of the activities of the Corporation over 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 purposes of the Statement of Cash Flow, cash and cash equivalents include all highly liquid investments with initial maturities of three months or less.

E. FEDERAL INCOME TAX

The Corporation is an exempt organization under Section 501(c) (4) of the Internal Revenue Code. By virtue of Ohio Law, the Corporation is not subject to Ohio income taxes.

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 revenue and expenses. Actual results could differ from those estimates.

Monroe County Community Improvement Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2008 and 2007

(Continued)

2. CASH

The Corporation maintains three checking accounts and one savings account. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>2008</u>		<u>2007</u>	
Demand deposits	\$	12,073	\$	16,054
Savings Accounts		12,425		-
Total deposits	\$	<u>24,498</u>	\$	<u>16,054</u>

Deposits are insured by the Federal Deposit Insurance Corporation.

3. PROPERTY, PLANT & 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:

	<u>2008</u>		<u>2007</u>	
Land	\$	30,000	\$	30,000
Building		1,969,965		1,747,181
Equipment		1,122		1,122
Furniture and Fixtures		567		567
Total Property and Equipment		<u>2,001,654</u>		<u>1,778,870</u>
Less: Accumulated Depreciation		<u>(289,714)</u>		<u>(240,254)</u>
Net Total		<u>1,711,940</u>		<u>1,538,616</u>

4. DEBT

Debt outstanding at December 31, 2008 and 2007 are as follows:

Name	Principal Outstanding			Principal Outstanding			Principal Outstanding 12/31/08	Due within One Year
	12/31/06	Additions	Deductions	12/31/07	Additions	Deductions		
Rural Industrial Park Loan- 3%	\$ 301,667	\$ -	\$ 30,610	\$ 271,057	\$ -	\$ 31,542	\$ 239,515	\$ 32,501
Commercial Loan - Wesbanco- 9.25%	36,283	-	2,668	33,615	-	3,055	30,560	3,241
Promissory Note- Monroe County Chamber of Commerce- Promissory Note- Pioneer Larger Parish- 0%	9,375	-	1,500	7,875	-	1,500	6,375	1,500
Promissory Note- Woodsfield Savings Bank- 6%	6,166	-	1,000	5,166	-	1,000	4,166	1,000
Promissory Note- Wesbanco- 8.75%	15,515	-	2,546	12,969	-	2,683	10,286	3,843
Promissory Note- Citizens National Bank- 5.78%	14,711	-	1,874	12,837	-	1,975	10,862	2,069
Citizens National Bank Line of Credit- 0%	13,889	-	2,222	11,667	-	2,222	9,445	2,222
	-	42,578	-	42,578	-	42,578	-	-
TOTALS	<u>\$ 397,606</u>	<u>\$ 42,578</u>	<u>\$ 42,420</u>	<u>\$ 397,764</u>	<u>\$ -</u>	<u>\$ 86,555</u>	<u>\$ 311,209</u>	<u>\$ 46,376</u>

Monroe County Community Improvement Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2008 and 2007

(Continued)

4. DEBT – (Continued)

The Rural Industrial Park Loan, originally issued for \$484,463, 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 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)

The Promissory Notes between the Corporation and the Monroe County Chamber of Commerce, Pioneer Larger Parish of Monroe County, Wesbanco, Citizens National Bank of Woodfield and Woodfield 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.

The Corporation received a line of credit in 2007 with Citizens National Bank to pay initial expenses for building renovations in the amount of \$42,578. The line of credit was paid in full in 2008.

Amortization amounts reflected in the prior audit were inaccurate.

Amortization of the above debt, including interest and service fees is as follows:

Year Ending	Rural	Commercial	Promissory Note:	Promissory Note:	Promissory	Promissory	Promissory Note:
	Industrial	Loan:	Monroe County	Larger Parish of	Note:	Note: Citizens	Woodsfield
	Park Loan	Wesbanco	Chamber of	Monroe County	Wesbanco	National Bank	Savings Bank
			Commerce				
2009	\$ 39,242	\$ 5,055	\$ 1,500	\$ 1,000	\$ 3,527	\$ 2,571	\$ 2,665
2010	39,242	5,055	1,500	1,000	3,527	2,479	2,665
2011	39,242	5,055	1,500	1,000	3,527	2,387	2,665
2012	39,242	5,055	1,500	1,000	294	2,295	2,665
2013	39,242	5,055	375	166	-	560	1,074
2014-2018	68,673	10,110	-	-	-	-	-
Totals	\$ 264,883	\$ 35,385	\$ 6,375	\$ 4,166	\$ 10,875	\$ 10,292	\$ 11,734

5. COMMERCIAL LEASES

A. INDUSTRIAL PAINT & STRIP, INC (IPS)

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 five (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.

Monroe County Community Improvement Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2008 and 2007

(Continued)

5. COMMERCIAL LEASES – (Continued)

A. INDUSTRIAL PAINT & STRIP, INC (IPS) (Continued)

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 (0.25%) 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. This requirement was satisfied on December 19, 2003.

As additional rental, IPS will reimburse the Corporation the monthly payment due and owed on the \$56,187 participation loan at \$476 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%.

In December 2008, the Board approved IPS to sublease the building to Control Design and Integration, LLC (CDI). CDI will take over the lease payment for IPS until the 10 year lease agreement comes to an end in July 2010.

B. MONROE COUNTY DEPARTMENT OF ECONOMIC DEVELOPMENT

The Corporation entered into a month-to-month lease with the Monroe County Job & Family Service 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 cancelled upon 90 days written notice.

The Monroe County Job & Family Service is to pay \$846 per month, payable without any prior demand and without any deduction or offset, payable on the 1st day of each month.

Effective July 31, 2006, the Monroe County Commissioners voted to outsource the Monroe County Office of Economic Development and temporarily closed the office located in the Black Walnut Center. On October 1, 2006, Buckeye Hills-Hocking Valley Regional Development District officially took over the operations and continued leasing the office located at the Black Walnut Center. The rent remained the same as what the Monroe County Job & Family Service office had been paying. Buckeye Hills ceased operations as Economic Developer in June 2007 and terminated its lease contract with the Community Improvement Corporation, Monroe County.

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 was \$955 from January through June 2006. A six month reprieve on rent was given to Broadband starting July 2006 due to financial burden the company was going through. Rent was then lowered to \$600 per month starting January 2007 for one year. Rent for 2008 was \$700 per month and will be reviewed annually by the Board.

Monroe County Community Improvement Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2008 and 2007

(Continued)

6. COMMERCIAL LEASES – (Continued)

D. MONROE COUNTY BOARD OF ELECTIONS

The Corporation entered into a two year lease with the Monroe County Board of Elections for the purpose of housing the Monroe County Election office. The lease calls for the Elections Board to utilize 1,500sq. ft. of space at a cost of \$8/sq.ft. with a 3% acceleration cost per year.

7. RELATED PARTY

The Corporation's books are in the care of one of its board member's, Tracey Craig, and the services that would otherwise be charged by a Certified Public Accountant are provided for a fee. The accounting fees paid to Tracey E. Craig Tax and Financial Services for the years ended December 31, 2008 and 2007 are \$5,200 and \$3,950, respectively.

8. BLACK WALNUT CENTER RENOVATION

During 2007, the Community Improvement Corporation, Monroe County was approved for two grants for the renovation and construction in the unfinished part of the facility. The first grant was an ARC grant in the amount of \$69,880 and second grant was from the Industrial Site Improvement Fund in the amount of \$209,641 for a total project cost of \$279,521, received in 2008. The renovation will cover approximately 19,000 square feet and was finished in 2008.

9. CHANGE OF IRS EXEMPTION

In October 2008, the Board approved the Treasurer to submit to the Internal Revenue Service Form 1023 Application for Recognition of Exemption under Section 501(c) (3) of the Internal Revenue Code. This would change the Monroe County CIC exemption status from a 501(c) (4) to a 501 (c) (3). As of the date of this report, the application is still pending with the IRS.

Perry & Associates
Certified Public Accountants, A.C.

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

June 16, 2009

Board of Trustees
Monroe County Community Improvement Corporation
47084 Black Walnut Parkway
Woodsfield, Ohio 43793

To the Board of Trustees:

We have audited the financial statements of the **Monroe County Community Improvement Corporation, Monroe County, Ohio** (the Corporation), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated June 16, 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 opinions 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.

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 a 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.

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

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

As part of reasonably assuring whether the Corporation's basic 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 intend this report solely for the information and use of management and Corporation Board of Directors. It is not intended for anyone other than these specified parties.

Respectfully Submitted

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry & Associates
Certified Public Accountants, A.C.



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
JULY 16, 2009**