



**Auditor of State
Betty Montgomery**

**COMMUNITY IMPROVEMENT CORPORATION OF PERRY COUNTY
PERRY COUNTY**

JANUARY 1, 2004 THROUGH DECEMBER 31, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Community Improvement Corporation of Perry County
Perry County
103 W. Brown Street
New Lexington, Ohio 43764

To the Board of Directors:

We have audited the accompanying statements of financial position of the Community Improvement Corporation of Perry County, Perry County, Ohio (the Corporation), as of December 31, 2005 and 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express opinions 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Community Improvement Corporation of Perry County, Perry County, Ohio, as of December 31, 2005 and 2004, and the changes in its 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 4, 2006, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

October 4, 2006

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Community Improvement Corporation of Perry County
Statement of Financial Position
December 31, 2005

Assets	
Cash and Cash Equivalents	\$18,120
Cash and Cash Equivalents - Restricted	20,000
Accounts Receivable	23,833
Total Current Assets	61,953
Capital Assets, Net	75,905
BWC Deposit	10
Total Assets	\$137,868
 Liabilities and Net Assets:	
Current Liabilities	
Accounts Payable	\$9,842
Accounts Payable - Perry County Agricultural Society	20,000
Accrued Payroll Liabilities	688
Line of Credit	7,811
Total Current Liabilities	38,341
Notes Payable - Lempco Building	40,000
Accrued Interest - Lempco Building	600
Total Liabilities	78,941
 Net Assets	
Unrestricted	58,927
Total Liabilities and Net Assets	\$137,868

See accompanying notes to the basic financial statements

Community Improvement Corporation of Perry County
Statement of Activities
For the Year Ended December 31, 2005

Unrestricted Net Assets

Revenue	
Department of Job & Family Services	\$158,349
Buckeye Hills	10,000
FASTOHIO	1,500
Perry County Republican Party	20,000
Contributions	<u>2,500</u>
Total Revenues	192,349
Expenses	
Salaries	58,840
Employee Benefits	11,752
Advertising	1,624
Automobile	806
Bank Service Charges	25
Dues and Subscriptions	400
Office Supplies	2,837
Consulting services	34,103
Rent	1,762
Telephone	1,485
Licenses & Permits	500
Contract Services	6,004
Insurance	2,055
Maintenance	2,811
Internet	985
Grant Fees	1,000
FASTOHIO Expenses	1,625
Travel & Entertainment	4,330
Board Meeting Expenses	751
Utilities	2,877
Depreciation Expense	4,957
Miscellaneous	<u>1,535</u>
Total Expenses	143,064
Other Income (Expense):	
Interest Income	183
Interest Expense	<u>(1,154)</u>
Increase in Unrestricted Net Assets	48,314
Net Assets at Beginning of Year	<u>10,613</u>
Net Assets at End of Year	<u><u>\$58,927</u></u>

See accompanying notes to the basic financial statements

Community Improvement Corporation of Perry County
Statement of Cash Flows
For the Year Ended December 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from Perry County Department of Job & Family Services	\$127,332
Cash Received from Chamber and Other Organizations	71,264
Cash Payments for Operations	<u>(148,816)</u>
Net Cash Provided by Operating Activities	49,780

CASH FLOWS FROM FINANCING ACTIVITIES:

Line of Credit Borrowing	7,811
Purchase of Capital Asset	<u>(27,287)</u>
Net Change in Cash & Cash Equivalents	30,304

Cash & Cash Equivalents at Beginning of Year	<u>7,816</u>
Cash & Cash Equivalents at End of Year	<u><u>\$38,120</u></u>

RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Increase in Net Assets	\$44,404
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Depreciation	4,957
Increase (Decrease) In:	
Accounts Receivable	19,289
Increase (Decrease) In:	
Accounts Payable	9,842
Accounts Payable - Department of Job & Family Services	(50,000)
Accounts Payable - Perry County Agricultural Society	20,000
Accrued Payroll Taxes	688
Accrued Interest	<u>600</u>
Net Cash Provided by Operating Activities	<u><u>\$49,780</u></u>

See accompanying notes to the basic financial statements

Community Improvement Corporation of Perry County
Statement of Financial Position
December 31, 2004

Assets

Cash and Cash Equivalents	\$7,816
Accounts Receivable	43,123
Capital Assets, Net	18,961
BWC Deposit	10
Total Assets	<u>\$69,910</u>

Liabilities and Net Assets:

Liabilities

Accounts Payable	\$53,910
Contracts Payable - Equipment	5,387

Net Assets

Unrestricted	10,613
Total Liabilities and Net Assets	<u>\$69,910</u>

See accompanying notes to the basic financial statements

Community Improvement Corporation of Perry County
Statement of Activities
For the Year Ended December 31, 2004

Unrestricted Net Assets

Revenue	
Contributions	\$39,139
Membership Dues	10
Total Revenues	39,149
Expenses	
Salaries	13,935
Employee Benefits	1,570
Advertising	42
Automobile	1,196
Bank Service Charges	119
Dues and Subscriptions	15
Office Supplies	1,399
Consulting services	8,585
Rent	210
Telephone	668
Meals	427
Utilities	198
Depreciation Expense	468
Miscellaneous	632
Total Expenses	29,464
Increase in Unrestricted Net Assets	9,685
Net Assets at Beginning of Year	928
Net Assets at End of Year	\$10,613

See accompanying notes to the basic financial statements

Community Improvement Corporation of Perry County
Statement of Cash Flows
For the Year Ended December 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from Perry County Department of Job & Family Services	\$50,000
Cash Received from Memberships	10
Cash Payments for Operations	<u>(29,080)</u>
Net Cash Provided by Operating Activities	20,930

CASH FLOWS FROM FINANCING ACTIVITIES:

Purchase of Capital Asset	<u>(14,042)</u>
Net Change in Cash & Cash Equivalents	6,888

Cash & Cash Equivalents at Beginning of Year	<u>928</u>
Cash & Cash Equivalents at End of Year	<u><u>\$7,816</u></u>

RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Increase in Net Assets	\$9,685
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Depreciation	468
Increase (Decrease) In:	
Accounts Receivable	(43,123)
Deposits	(10)
Increase (Decrease) In:	
Accounts Payable	59,297
Contracts Payable - Equipment	<u>(5,387)</u>
Net Cash Provided by Operating Activities	<u><u>\$20,930</u></u>

See accompanying notes to the basic financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF PERRY COUNTY
PERRY COUNTY**

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

1. REPORTING ENTITY

ORGANIZATION

The Community Improvement Corporation of Perry County, Perry County, Ohio (the Corporation), is an Ohio corporation established under sections 1724.01 et seq. of the Ohio Revised Code for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial and civic development of Perry County. The Corporation is a legally separate, non-profit organization, served by an eleven-member board composed of County officials and community representatives.

The Corporation was created to advance, encourage, and promote the industrial, economic, commercial, and civic development of Perry County and the surrounding community in whatever way and by such means as will improve the normal growth, employment opportunities, and stability of employment in existing industries. The Corporation is empowered with the ability to carry out the actions it considers necessary to achieve its mission.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of the Corporation.

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting principles generally accepted in the United States of America (GAAP) as applied to not-for-profit organizations. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for not-for-profit organizations.

Basis of Presentation

The Corporation's financial statements consist of statement of financial position, statement of activities and statement of cash flows.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Currently, the Corporation has only unrestricted net assets.

Revenue Recognition

Contributions received are recorded as unrestricted support unless there are any donor-imposed restrictions. During 2005, Hocking County donated \$1,500 to the Corporation toward the formation of the 501 C (3) status.

**COMMUNITY IMPROVEMENT CORPORATION OF PERRY COUNTY
PERRY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are stated at cost and are depreciated over the estimated useful lives by the straight-line method of depreciation for financial reporting purposes. Repairs and maintenance are charged to operations when incurred and improvements and additions are capitalized. The capitalization threshold is \$500.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Tax Status

The Corporation has qualified for a tax exemption under Section 501 C (3) of the Internal Revenue Code and, accordingly, no provision for federal income tax has been recorded in the accompanying financial statements.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

3. CASH AND CASH EQUIVALENTS

At December 31, 2005 and 2004, cash and cash equivalents consisted of the following:

	<u>2005</u>	<u>2004</u>
Demand Deposits	\$ 38,120	\$ 7,816

At the end of each year, the carrying amount of the Corporation's deposits were entirely covered by the Federal Deposit Insurance Corporation.

4. CAPITAL ASSETS

Capital assets consist of the following:

	<u>2005</u>	<u>2004</u>
Vehicle	\$ 14,043	\$ 14,043
Furniture and Fixtures	17,287	5,386
Less: Accumulated Depreciation	5,425	468
Building held for investment purposes	<u>50,000</u>	
Capital Assets, Net	<u>\$ 75,905</u>	<u>\$ 18,961</u>

**COMMUNITY IMPROVEMENT CORPORATION OF PERRY COUNTY
PERRY COUNTY**

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

5. FUNDING PROVIDED BY THE PERRY COUNTY DEPARTMENT OF JOB & FAMILY SERVICES

The Perry County Department of Job and Family Services encourages job retention, expansion and attraction of new business by way of the Corporation. They provide the funding in an effort to reduce public assistance caseloads by creating jobs and enhancing the unemployed citizens chances of re-entry into the workforce. The overall goal of this partnering is to improve the standard of living, community and the future of the citizens of Perry County. During 2004, the Perry County Department of Job and Family Services advanced \$50,000 to the Community Improvement Corporation to begin operations. This advance was subsequently repaid over 8 months at the rate of \$6,250 per month.

6. PERRY COUNTY CHAMBER OF COMMERCE

A memorandum of understanding with the Perry County Chamber of Commerce serves to establish the business relationship and cooperation between the Perry County Chamber of Commerce and the Corporation. The two organizations are involved with the Perry County Economic Development Initiative and will combine efforts to obtain the goals of the Perry County Economic Development Plan. The Perry County Chamber of Commerce and the Economic Development Office (under the direction of the Corporation) share office space, expenses and the services of an executive secretary. The amount of reimbursement from the Chamber of Commerce to the Corporation for 2005 was \$15,936.

7. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at December 31, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
PCJFS	\$ 20,157	\$ 39,139
Chamber of Commerce	2,656	3,984
Utilities True-AM	<u>1,020</u>	<u>--</u>
Total	\$ <u>23,833</u>	\$ <u>43,123</u>

8. DEBT

On April 4, 2005, the Perry County Republican Party donated \$40,000 to the Corporation. As part of the agreement, the Corporation was to utilize \$20,000 to further the mission of the Corporation and remit the remaining \$20,000 to the Perry County Agricultural Society. This amount was paid on March 3, 2006.

On June 28, 2005, the Corporation paid \$10,000 down toward the purchase of the building from Lempcos Industries. The Lempcos family holds the \$40,000 mortgage on the property, financed by a promissory note at the rate of 6% per year payable over 5 years. Interest on this note will accrue in the amount of \$1,200 annually. Accrued interest and notes payable at December 31, 2005 were \$600 and \$40,000, respectively.

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**Auditor of State
Betty Montgomery**

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

Community Improvement Corporation of Perry County
Perry County
103 W. Brown Street
New Lexington, Ohio 43764

To the Board of Trustees:

We have audited the financial statements of the Community Improvement Corporation of Perry County, Perry County, Ohio (the Corporation), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated October 4, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Corporation's management dated October 4, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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Community Improvement Corporation of Perry County
Perry 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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We intend this report solely for the information and use of the audit and finance committee, management and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

October 4, 2006



**Auditor of State
Betty Montgomery**

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COMMUNITY IMPROVEMENT CORPORATION OF PERRY COUNTY

PERRY 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
NOVEMBER 9, 2006**