COMMUNITY IMPROVEMENT CORPORATION
GALLIA COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 - 2005

Mary Taylor, CPA
Auditor of State

COMMUNITY IMPROVEMENT CORPORATION
GALLIA COUNTY

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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, 2006 and 2005, 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, 2006 and 2005, 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 November 13, 2007, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 13, 2007

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

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COMMUNITY IMPROVEMENT CORPORATION
GALLIA COUNTY

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2006

ASSETS:		
Current Assets:		
Cash	$	91,883
Investments - Certificates of Deposit		182,528
Total Current Assets		274,411
Noncurrent Assets:		
Office Furniture and Fixtures		27,398
Leasehold Improvements		616,458
Buildings		946,673
Land		2,179,680
Deposits		21
Less: Accumulated Depreciation		(172,004)
Total Noncurrent Assets		3,598,226
TOTAL ASSETS	**$**	**3,872,637**
LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Notes Payable	$	84,181
Total Current Assets		84,181
Long-Term Liabilities:		
Notes Payable		656,714
Total Long-Term Liabilities		656,714
TOTAL LIABILITIES	$	740,895
NET ASSETS		
Unrestricted	$	3,131,742
TOTAL NET ASSETS		3,131,742
TOTAL LIABILITIES AND NET ASSETS	**$**	**3,872,637**

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, 2006

Changes in Net Assets:		
Revenues:		
Contributions	$	20,000
Interest Income		6,277
Service Contracts		14,100
Rent		285,725
Sponsor Income		62,500
Miscellaneous		6,686
Total Revenues		395,288
Expenses:		
Project Expense		148,941
General and Administrative Expense		137,710
Interest Expense		13,970
Depreciation		40,482
Total Expenses		341,103
Increase in Net Assets		54,185
Net Assets - January 1		3,077,557
Net Assets - December 31	**$**	**3,131,742**

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, 2006

Cash Flows from Operating Activities:		
Change in Net Assets	$	54,185
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used by) Operating Activities:		
(Increase) Decrease in Accumulated Depreciation		40,482
(Increase) Decrease in Interest Receivable		1,094
Increase (Decrease) in Intergovernmental Payable		(413)
Net Cash Provided by (Used by) Operating Activities		95,348
Cash Flows from Financing Activities:		
Principal Payment on Debt		(85,884)
Net Cash Provided by (Used by) Financing Activities		(85,884)
Net Increase/(Decrease) in Cash		9,464
Cash and Cash Equivalents at the January 1, 2006		264,947
Cash and Cash Equivalents at the December 31, 2006	**$**	**274,411**
Supplemental Disclosure Information:		
Interest Paid During the Year	**$**	**13,970**

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, 2005

ASSETS:		
Current Assets:		
Cash	$	84,730
Investments - Certificates of Deposit		180,217
Interest Receivable		1,094
Total Current Assets		266,041
Noncurrent Assets:		
Office Furniture and Fixtures		27,398
Leasehold Improvements		616,458
Buildings		946,673
Land		2,179,680
Deposits		21
Less: Accumulated Depreciation		(131,522)
Total Noncurrent Assets		3,638,708
TOTAL ASSETS	**$**	**3,904,749**
LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Intergovernmental Payable	$	413
Notes Payable		81,917
Total Current Assets		82,330
Long-Term Liabilities:		
Notes Payable		744,862
Total Long-Term Liabilities		744,862
TOTAL LIABILITIES	$	827,192
NET ASSETS		
Unrestricted	$	3,077,557
TOTAL NET ASSETS		3,077,557
TOTAL LIABILITIES AND NET ASSETS	**$**	**3,904,749**

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, 2005

Changes in Net Assets:	
Revenues:	
Memberships	$ 3,430
Contributions	30,000
Interest Income	3,422
Service Contracts	27,200
Administrative Income	2,500
Rent	253,929
Sponsor Income	61,000
Total Revenues	381,481
Expenses:	
Project Expense	82,969
General and Administrative Expense	102,908
Interest Expense	15,708
Depreciation	41,105
Total Expenses	242,690
Increase in Net Assets	138,791
Net Assets - January 1	2,938,766
Net Assets - December 31	**$ 3,077,557**

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, 2005

Cash Flows from Operating Activities:		
Change in Net Assets	$	138,791
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used by) Operating Activities:		
(Increase) Decrease in Accumulated Depreciation		41,105
(Increase) Decrease in Interest Receivable		(677)
Increase (Decrease) in Intergovernmental Payable		413
Net Cash Provided by (Used by) Operating Activities		179,632
Cash Flows from Financing Activities:		
Principal Payment on Debt		(88,287)
Net Cash Provided by (Used by) Financing Activities		(88,287)
Net Increase/(Decrease) in Cash		91,345
Cash and Cash Equivalents at the January 1, 2005		173,602
Cash and Cash Equivalents at the December 31, 2005	**$**	**264,947**
Supplemental Disclosure Information:		
Interest Paid During the Year		15,708
Fixed Assets Disposed of During the Year		23,131
Total	**$**	**38,839**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Gallia County 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, 2006, 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.

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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 $40,482 and $41,105 for the years ended December 31, 2006 and 2005, 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, 2006 and 2005 are as follows:

	2006	2005
Land and Improvements	$2,179,680	$2,179,680
Buildings	946,673	946,673
Leasehold Improvements	616,458	616,458
Furniture, Fixtures and Equipment	27,398	27,398
Less: Accumulated Depreciation	(172,004)	(131,522)
Total	$3,598,205	$3,638,687

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.

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:

	2006	2005
Demand deposits	$91,783	$84,630
Certificates of Deposit	182,528	180,217
Petty Cash	100	100
Total deposits and investments	$274,411	$264,947

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation up to $100,000. Deposits in excess of $100,000 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, 2006, were as follows:

	Principal	Interest Rate
Infocision - Oak Hill Banks	$190,895	5%
Ohio Department of Development Loan	550,000	0%
Total	$740,895	

The Infocision – Oak Hill Banks note was approved to finance improvements to the leased Cornett Building which was subleased to Infocision Management Corporation. Payments as of December 31, 2006 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 is interest-free through 2007 and adjusts to 3% for the remainder of the loan term beginning January 2, 2007.

5. Debt (Continued)

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

Year ending December 31:	Infocision - Oak Hill Banks	Ohio Department of Development Loan
2007	$45,445	$50,000
2008	49,576	57,936
2009	49,576	57,936
2010	49,576	57,936
2011	28,914	57,936
2012-2017		346,685
Total	$223,087	$628,429

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, 2006 and 2005.

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 2006 and 2005 was $81,900 and $53,400, respectively. 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.

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 $42,540.42 in 2006 for a portion of property taxes on the building.

The total amount of lease income was $285,725 and $253,929 for the years ended December 31, 2006 and 2005, 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, 2006 and 2005, and have issued our report thereon dated November 13, 2007. 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

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 the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2006-001.

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 to be a material weakness.

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

We noted certain matters that we reported to the Corporation's management in a separate letter dated November 13, 2007.

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 November 13, 2007.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 13, 2007

COMMUNITY IMPROVEMENT CORPORATION
GALLIA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2006-001

Significant Deficiency

Financial Reporting

Sound financial reporting is the responsibility of the fiscal officer and governing board 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 following errors were noted in the financial statements that required audit adjustments:

- In 2006, the statement of activities showed net income for each of the Corporation's projects instead of showing the revenue and expenses related to each project. As a result, the statement of activities should have shown $118,181 in Rental Income, $89,376 in Project Expense and $12,527 in Interest Expense for the Infocision Project and $125,004 in Rental Income, $14,324 in Project Expense and $1,443 in Interest Expense for the Holzer Project.

- In 2006, the following receipts were posted as negative expenditures: Service Contract Receipts totaling $14,100 was posted as General and Administrative Expenses; Rental Income totaling $42,540 was posted as Project Expense; Miscellaneous Income totaling $569 was posted as General and Administrative Expenses; and Miscellaneous Income totaling $857 was posted as Project Expense.

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 Treasurer and Board of Trustees, to identify and correct errors or omissions.

Officials' Response:

The Corporation did not respond to this finding.

COMMUNITY IMPROVEMENT CORPORATION OF GALLIA COUNTY

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 4, 2007