

**COMMUNITY IMPROVEMENT CORPORATION
OF BELMONT COUNTY
ST. CLAIRSVILLE, OHIO**

**AUDIT REPORT
DECEMBER 31, 2006 and 2005**



Mary Taylor, CPA
Auditor of State

Board of Trustees
Community Improvement Corporation of Belmont County
117 E. Main Street
St. Clairsville, Ohio 43950

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation of Belmont County, Belmont County, prepared by S.R. Snodgrass, A.C., for the audit period January 1, 2005 through December 31, 2006. 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 Community Improvement Corporation of Belmont County is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 24, 2007

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**Community Improvement Corporation
of Belmont County
DECEMBER 31, 2006 AND 2005**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Community Improvement Corporation of Belmont County
St. Clairsville, Ohio

We have audited the accompanying statement of financial position of the Community Improvement Corporation of Belmont County (a non-profit corporation) as of December 31, 2006 and 2005, 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 an opinion on these financial statements based on our audits.

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 financial position of Community Improvement Corporation of Belmont County as of December 31, 2006 and 2005, 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 a report dated June 14, 2007, on our consideration of the Community Improvement Corporation of Belmont County's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

S. N. Snodgrass, A.C.

Wheeling, West Virginia
June 14, 2007

Community Improvement Corporation of Belmont County
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2006 AND 2005

	2006	2005
ASSETS		
Cash in bank - checking	\$ 1,780,239	\$ 2,273,618
Cash on hand	100	100
Certificate of deposit	105,754	101,117
Total cash and cash equivalents	1,886,093	2,374,835
Accrued interest receivable	703	324
Prepaid rent	700	700
Total assets	\$ 1,887,496	\$ 2,375,859
LIABILITIES AND NET ASSETS		
Liabilities:		
Due to Belmont County	\$ 1,050,043	\$ 1,490,049
Payroll taxes withheld	1,379	1,883
Accounts payable	1,423	2,568
Total liabilities	1,052,845	1,494,500
Unrestricted Net Assets:		
Board designated	834,651	881,359
Total net assets	834,651	881,359
Total liabilities and net assets	\$ 1,887,496	\$ 2,375,859

The accompanying notes are an integral part of these financial statements.

Community Improvement Corporation of Belmont County
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total All Funds</u>
PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS			
Interest income	\$ 27,793	\$ -	\$ 27,793
Contributions and other	3,500	-	3,500
Government support	-	14,998	14,998
Net assets released from restrictions	14,998	(14,998)	-
Total public support, revenues, and reclassifications	<u>46,291</u>	<u>-</u>	<u>46,291</u>
EXPENSES			
Fox Commerce Park expenses	29	-	29
Salaries	30,144	-	30,144
Payroll taxes	3,584	-	3,584
Rent	8,400	-	8,400
Utilities	3,102	-	3,102
Travel	3,956	-	3,956
Insurance	2,546	-	2,546
Meals and entertainment	3,231	-	3,231
Dues and subscriptions	4,455	-	4,455
Advertising	4,859	-	4,859
Professional fees	10,421	-	10,421
Telephone	4,286	-	4,286
Postage	907	-	907
Office supplies	7,226	-	7,226
Office maintenance	1,289	-	1,289
Xerox lease	4,062	-	4,062
Miscellaneous	502	-	502
Total expenses	<u>92,999</u>	<u>-</u>	<u>92,999</u>
Change in net assets	(46,708)	-	(46,708)
NET ASSETS, BEGINNING OF YEAR	<u>881,359</u>	<u>-</u>	<u>881,359</u>
NET ASSETS, END OF YEAR	<u><u>\$ 834,651</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 834,651</u></u>

The accompanying notes are an integral part of these financial statements.

Community Improvement Corporation of Belmont County
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total All Funds</u>
PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS			
Interest income	\$ 21,345	\$ -	\$ 21,345
Government support	-	57,995	57,995
Net assets released from restrictions	57,995	(57,995)	-
Total public support, revenues, and reclassifications	79,340	-	79,340
EXPENSES			
Fox Commerce Park expenses	9,008	-	9,008
Village of Bellaire boat ramp grant	28,000	-	28,000
Salaries	25,763	-	25,763
Payroll taxes	3,561	-	3,561
Rent	8,400	-	8,400
Utilities	3,350	-	3,350
Travel	3,720	-	3,720
Insurance	7,000	-	7,000
Meals and entertainment	3,224	-	3,224
Education	642	-	642
Dues and subscriptions	4,100	-	4,100
Advertising	8,118	-	8,118
Professional fees	5,983	-	5,983
Telephone	3,721	-	3,721
Postage	540	-	540
Office supplies	1,870	-	1,870
Office maintenance	1,734	-	1,734
Xerox lease	4,629	-	4,629
Miscellaneous	3	-	3
Total expenses	123,366	-	123,366
Change in net assets	(44,026)	-	(44,026)
NET ASSETS, BEGINNING OF YEAR	<u>925,385</u>	<u>-</u>	<u>925,385</u>
NET ASSETS, END OF YEAR	<u>\$ 881,359</u>	<u>\$ -</u>	<u>\$ 881,359</u>

The accompanying notes are an integral part of these financial statements.

Community Improvement Corporation of Belmont County
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (46,708)	\$ (44,026)
Changes in assets and liabilities:		
Accrued interest receivable	(379)	(98)
Payroll taxes withheld	(504)	619
Accounts payable	(1,145)	(1,307)
Net cash used in operating activities	(48,736)	(44,812)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in funds due to Belmont County	31,118	(20,509)
Revolving Loan disbursed	(500,000)	-
Principal received on Revolving Loan Fund notes	28,876	276,030
Net cash provided by (used in) financing activities	(440,006)	255,521
Net increase (decrease) in cash and cash equivalents	(488,742)	210,709
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,374,835	2,164,126
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,886,093	\$ 2,374,835

The accompanying notes are an integral part of these financial statements.

Community Improvement Corporation of Belmont County
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Community Improvement Corporation of Belmont County (the Corporation) is presented to assist the reader in understanding the Corporation's financial statements. The financial statements and notes are representations of the Corporation's management, which is responsible for their integrity and objectivity.

Nature of Operations - The Corporation was organized in 1962 as a private nonprofit corporation under the laws of the State of Ohio for the purpose of attracting new industry to the area and enhancing the business climate for existing businesses. To that end, the Corporation operates the Belmont County Department of Development. Until 2005, primary funding for the Corporation came from annual operating grants from the Commissioners of Belmont County. This funding was suspended at the end of 2004.

The Corporation also administers a Revolving Loan Fund ("RLF"). The RLF provides below market rate loans to businesses for the creation or retention of jobs in Belmont County, Ohio. Interest earned on RLF assets is used to fund the program's expenses.

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Property and Equipment - The Corporation's fixed assets consist only of a small amount of office furniture which was expensed as purchased. In 1999, the Corporation acquired land for the development of a county industrial park. The ownership of the land was subsequently transferred to the government of Belmont County. The Corporation incurred costs in the amount of \$29 during 2006 and \$9,008 in 2005 for infrastructure improvements to this property. These costs were expensed as incurred.

Marketing and Advertising Costs - Marketing and advertising costs are expensed as incurred. Such costs amounted to \$4,859 in 2006 and \$8,118 in 2005.

Community Improvement Corporation of Belmont County
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006 AND 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation and Fund Accounting - As discussed above, the financial statements are prepared on the accrual basis. The Corporation uses fund accounting for internal reporting purposes.

To ensure the observance of limitations and restrictions placed on the use of resources available to the Corporation, the accounts of the Corporation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities, and fund balances of the Corporation are reported in three self-balancing fund groups as follows:

1. The Board Fund represents the portion of expendable funds that are available for the Corporation's general operations. These funds have been designated for economic development.
2. The Department of Development Fund represents the portion of expendable funds that are available for support of the Belmont County Department of Development.
3. The Revolving Loan Fund represents the portion of expendable funds that are available for support of the Belmont County Revolving Loan Program.

Use of Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 could differ from those estimates.

Cash and Cash Equivalents - For the purpose of the statement of cash flows, the Corporation considers cash on deposit in banks and certificates of deposit with an original maturity of less than 90 days to be cash equivalents. All of the Corporation's certificates of deposit have maturities of 90 days or less.

Community Improvement Corporation of Belmont County
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006 AND 2005

NOTE 2 – INCOME TAXES

The Community Improvement Corporation of Belmont County is a nonprofit corporation exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code.

NOTE 3 – CONCENTRATIONS

Credit Risk – Cash Balances

At December 31, 2006 and 2005, the Corporation had several deposit accounts at three federally insured banks. The aggregate bank balance of these accounts exceeded the amount covered by federal deposit insurance by approximately \$1.6 million in 2006 and \$2 million in 2005. Agreements were in place with two banks to provide a pledge of collateral for the Corporation's deposit balances in excess of federal insurance limits. The amount of deposits which are uninsured and uncollateralized at December 31, 2006 and 2005, are \$1,585,992 and \$2,040,283, respectively.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

As of December 31, 2006, the Belmont County Commission had notified the Corporation of its intent to withdraw approximately \$685,000 of its funds from the Revolving Loan Fund. These funds are to be used for flood mitigation projects in Belmont County. This commitment is included in the amount due to Belmont County in the statement of financial position.

NOTE 5 - OPERATING LEASE

The Corporation leases office space under an operating lease dated July 1, 2005. The lease expires on June 30, 2007, and is renewable for four consecutive two-year terms. At December 31, 2006, the minimum future lease payments due were \$4,200, with the full amount due in 2007. The total lease expense incurred in 2006 and 2005 was \$8,400 and \$8,400, respectively.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Community Improvement Corporation of Belmont County

We have audited the financial statements of Community Improvement Corporation of Belmont County (a nonprofit organization) as of and for the year ended December 31, 2006 and 2005, and have issued our report thereon dated June 14, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Improvement Corporation of Belmont County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Improvement Corporation of Belmont County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Community Improvement Corporation of Belmont County'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 the normal course of 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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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 deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Improvement Corporation of Belmont County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Trustees, management, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

S. N. Snodgrass, A.C.

Wheeling, West Virginia
June 14, 2007



Mary Taylor, CPA
Auditor of State

COMMUNITY IMPROVEMENT CORPORATION OF BELMONT COUNTY

BELMONT 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
AUGUST 7, 2007**