COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY

YEAR ENDED DECEMBER 31, 2004

Auditor of State
Betty Montgomery

Board of Trustees
Community Improvement Corporation of Monroe County
47084 Black Walnut Pkwy
Woodfield, Ohio 43793-9521

We have reviewed the *Independent Auditors' Report* of the Community Improvement Corporation of Monroe County, prepared by Jones, Cochenour & Co., for the audit period January 1, 2004 through December 31, 2004. 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 Monroe County is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

October 19, 2006

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COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY

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Jones, Cochenour & Co.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Community Improvement Corporation, Monroe County
Woodsfield, Ohio

We have audited the accompanying financial statements of Community Improvement Corporation, Monroe County, (the "Corporation") as of and for the year ended December 31, 2004. 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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Improvement Corporation, Monroe County, as of December 31, 2004, and the changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 7, the corporation changed its method of accounting in 2004.

The aforementioned revision to generally accepted accounting principles also requires the Corporation to include Management's Discussion and Analysis for the year ended December 31, 2004. The Corporation has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 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. 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 assessing the results of our audit.

Jones, Cochenour & Co.

Jones, Cochenour & Co.
June 22, 2006

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COMMUNITY IMPROVEMENT CORPORATION, MONROE COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND TYPE
DECEMBER 31, 2004

CURRENT ASSETS		
Cash and cash equivalents	$	48,685
Prepaid expenses		1,025
TOTAL CURRENT ASSETS		49,710
CAPITAL ASSETS		
Land		30,000
Other capital assets - net		1,588,139
TOTAL ASSETS		1,667,849
CURRENT LIABILITIES		
Accrued payroll and payroll taxes		1,376
Accrued interest		442
Notes payable - current portion		43,333
TOTAL CURRENT LIABILITIES		45,151
NOTES PAYABLE - LESS CURRENT PORTION		441,530
TOTAL LIABILITIES		486,681
TOTAL NET ASSETS - UNRESTRICTED	$	1,181,168

See accompanying notes to the basic financial statements

COMMUNITY IMPROVEMENT CORPORATION, MONROE COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY TYPE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

UNRESTRICTED NET ASSETS		
REVENUE		
Intergovernmental income	$	19,563
Rental income		65,788
Program income		443
TOTAL REVENUE		85,794
EXPENSES		
Wages and fringe benefits		10,188
Accounting fees		3,950
Supplies		2,002
Real estate tax		340
Advertising		406
Utilities		3,928
Insurance expense		1,751
Service fees		2,260
Miscellaneous		8,800
Depreciation expense		44,162
TOTAL EXPENSES		77,787
INCREASE IN UNRESTRICTED NET ASSETS		8,007
INTEREST INCOME		107
INTEREST EXPENSE		(7,961)
NET ASSETS, BEGINNING OF YEAR - RESTATED		1,181,015
NET ASSETS, END OF YEAR	$	1,181,168

See accompanying notes to the basic financial statements

COMMUNITY IMPROVEMENT CORPORATION, MONROE COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES		
Government grants received	$	19,563
Tenant revenue received		65,788
Other revenue received		443
General and administrative expenses paid		(33,254)
NET CASH PROVIDED BY OPERATING ACTIVITIES		52,540
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned		107
NET CASH PROVIDED BY INVESTING ACTIVITIES		107
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES		
Debt principle payment		(45,409)
Interest paid on debt		(7,961)
Property and equipment purchased		(1,122)
NET CASH (USED) BY CAPITAL AND RELATED ACTIVITIES		(54,492)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,845)
BEGINNING CASH AND CASH EQUIVALENTS		50,530
ENDING CASH AND CASH EQUIVALENTS	$	48,685
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Increase in unrestricted net assets	$	8,007
Depreciation		44,162
Decrease in prepaid expenses		(46)
Increase in accounts payable		701
(Decrease) in accrued payroll and payroll taxes		(284)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	52,540

See accompanying notes to the basic financial statements

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Community Improvement Corporation, Monroe County (the Corporation), is a not-for-profit corporation and was incorporated in 1975 under authority of Ohio Rev. 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.

The accompanying basic financial statements comply with the provision of GASB Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Corporation is financially accountable. This report includes all activities considered by management to be part of the Corporation by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or is obligated in some manner for the debt of the organizations.

Management believes the financial statements included in this report represent all of the funds of the Corporation over which the Corporation is financially accountable.

B. BASIS OF ACCOUNTING

Summary of Significant Accounting Policies
The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Corporation also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or after November 30, 1989, to its business-type activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the Corporation's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. BASIS OF ACCOUNTING - CONTINUED

The Corporation implemented the provision for the year ended December 31, 2004.

C. OPERATING REVENUE AND EXPENSES

Operating revenues are those that are generated directly from the primary activity of the proprietary fund. For the Corporation, these revenues are rental income, governmental grants and other miscellaneous revenue.

Operating expenses are those expenses that are expended directly for the primary activity of the proprietary fund. For the Corporation, these expenses are administrative, utilities, insurance and interest expenses.

D. CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, cash and cash equivalents include all highly liquid investments with initial maturities of three months or less.

E. INCOME TAXES

The Corporation is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

F. CAPITAL ASSETS

Fixed assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The Corporation's capitalization policy is $500. The following are the useful lives used for depreciation purposes:

Buildings	40
Building improvements	15
Furniture – dwelling	7
Furniture – non-dwelling	7
Equipment – dwelling	5
Equipment – non-dwelling	7
Autos and trucks	5
Computer hardware	3
Computer software	3
Leasehold improvements	15

E. 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 revenues and expenses. Actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. ADVERTISING COSTS

Advertising costs are charged to operations as incurred.

G. BASIS OF PRESENTATION

The Corporation's basic financial statements consist of a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flows.

The Corporation uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

H. MEASUREMENT FOCUS

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Corporation are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Corporation finances and meets the cash flow needs of its enterprise activity.

The Corporation uses the proprietary fund to report on its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary and fiduciary. The Corporation uses the proprietary category for its programs.

I. ACCOUNTING AND REPORTING FOR NONEXCHANGE TRANSACTIONS

Nonexchange transactions occur when the Corporation receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of nonexchange transactions as follows:

- **Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).**
- **Imposed nonexchange revenues: result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).**
- **Government-mandated nonexchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).**
- **Voluntary nonexchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).**

The Corporation's grants and subsidies will be defined as a government-mandated or voluntary nonexchange transactions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. ACCOUNTING AND REPORTING FOR NONEXCHANGE TRANSACTIONS - CONTINUED

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

- **Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.**
- **Purpose restrictions specify the purpose for which resources are required to be used. (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, Corporations that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.**

The Corporation will recognize assets (liabilities) when all applicable eligibility requirements are met or resources received whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

The Corporation will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, Corporations should record resources received prior to that period as deferred revenue and the provider of those resources would record an advance.

The Corporation receives government-mandated or voluntary nonexchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

2. CASH AND INVESTMENTS

Cash
State statutes classify monies held by the Corporation into three categories.

Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Corporation has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit account is including, but not limited to passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of Corporation's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, but surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

2. CASH AND INVESTMENTS - CONTINUED

At fiscal year end December 31, 2004, the carrying amount of the Corporation's deposits totaled $48,685 and its bank balance was $48,685. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2004, $0 was exposed to custodial risk as discussed below, while $48,685 was covered by the Federal Depository Insurance Corporation and the remaining $0 was covered by specific collateral pledged by the financial institution in the name of the Authority.

Custodial credit risk is the risk that in the event of bank failure, the Corporation will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Corporation.

3. CAPITAL ASSETS

The following is a summary of capital assets:

	Corrected Balance 12/31/2003	Additions / Deletions/ Corrections	Balance 12/31/2004
CAPITAL ASSETS, NOT BEING DEPRECIATED			
Land	$ 30,000	$ -	$ 30,000
TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED	$ 30,000	$ -	$ 30,000
CAPITAL ASSETS, BEING DEPRECIATED			
Buildings and improvements	$ 1,696,143	$ -	$ 1,696,143
Furniture and equipment	-	1,122	1,122
Totals at Historical Costs	1,696,143	1,122	1,697,265
Less: Accumulated Depreciation	(64,964)	(44,162)	(109,126)
TOTAL CAPITAL ASSETS, NET, BEING DEPRECIATED	$ 1,631,179	$ (43,040)	$ 1,588,139

4. DEBT

Debt outstanding at December 31, 2004, was as follows:

	Principal	Interest Rate
Rural Industrial Park Loan	$362,963	0%,3%
Commercial Loan – Wesbanco	$45,123	10.50%
Promissory Note – Monroe County Chamber of Commerce	$12,375	0%
Promissory Note – Pioneer Larger Parish of Monroe County	$8,167	0%
Promissory Note – Wesbanco	$20,898	4.00%
Promissory Note – Woodsfield Savings Bank	$17,005	6.00%
Promissory Note – Citizens National Bank of Woodsfield	$18,332	2.80%
TOTAL DEBT	$484,863	

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 and open-end mortgage on the property and the loan will be repaid through the lease income received from the building occupants.

The commercial loan financed with Wesbanco is to assist with the coast 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 Woodsfield 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.

Amortization of the above debt, are as follows:

Year Ending December 31	Rural Industrial Park Loan	Commercial Loan: Wesbanco	Promissory Note: Monroe County Chamber of Commerce	Promissory Note: Pioneer Larger Parish of Monroe County	Promissory Note: Wesbanco	Promissory Note: Woodsfield Savings Bank	Promissory Note: Citizens National Bank	Total
2005	$ 31,589	$ 2,851	$ 1,500	$ 1,000	$ 2,426	$ 1,690	$ 2,277	$ 43,333
2006	29,707	3,166	1,500	1,000	2,569	1,794	2,342	$ 42,078
2007	30,611	3,514	1,500	1,000	2,721	1,905	2,408	$ 43,659
2008	31,541	3,902	1,500	1,000	2,881	2,023	2,477	$ 45,322
2009	32,501	4,332	1,500	1,000	3,052	2,147	2,547	$ 47,079
Thereafter	207,014	27,358	4,875	3,167	7,249	7,446	6,281	$ 263,390
Totals	$ 362,963	$ 45,123	$ 12,375	$ 8,167	$ 20,898	$ 17,005	$ 18,332	$ 484,863
						Less: Current portion		(43,333)
						Total Long-term Debt		$ 441,530

The following is the retirement of debt from 2003 to 2004:

	12/31/2003	Retired	12/31/2004
Rural Industrial Park Loan	$ 395,363	$ (32,400)	$ 362,963
Commercial Loan - Wesbanco	50,415	(5,292)	45,123
Promissory Note - Monroe County Chamber of Commerce	13,625	(1,250)	12,375
Promissory Note - Pioneer Larger Parish of Monroe County	9,083	(916)	8,167
Promissory Note - Wesbanco	23,189	(2,291)	20,898
Promissory Note - Woodsfield Savings Bank	18,597	(1,592)	17,005
Promissory Note - Citizens National Bank of Woodsfield	20,000	(1,668)	18,332
	$ 530,272	$ (45,409)	$ 484,863

4. DEBT - CONTINUED

Debt maturities for the next five years are as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL
2005	$ 43,333	$ 8,442	$ 51,775
2006	42,078	15,144	57,222
2007	43,659	13,629	57,288
2008	45,324	12,034	57,358
2009	47,079	10,347	57,426
Later years	263,390	20,792	284,182
Total	$ 484,863	$ 80,388	$ 565,251

5. COMMERCIAL LEASES

A. INDUSTRIAL PAINT & STRIP, INC.

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 (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.

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 (.25%) annually.

As additional rental, IPS will reimburse the Corporation the monthly payment due and owed on the $56,187 participation loan at $621 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%.

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 canceled upon 90 days written notice.

The Monroe County Job & Family Service is to pay $650 per month, payable without any prior demand and without any deduction or offset, payable on the 1st day of each month.

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 is $955 per month for the first year and $1,200 per month for the second year, payable without any prior demand and without any deduction or offset, payable on the 1st day of each month.

6. RELATED PARTY

The corporation's books are in the care of one of its board member's and the services that would otherwise be charged by a Certified Public Accountant are provided for a fee. During the year ended December 31, 2004 the accounting fees for service provided were $3,950.

7. CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2004 the Corporation changed its method of accounting from the cash basis to the accrual basis. The effect of this change on previously reported net assets is summarized below:

As previously reported	$	50,530
Prepaid expenses		979
Buildings, land and equipment		1,726,143
Depreciation		(64,964)
Notes payable		(530,273)
Accrued payables		(674)
Accrued interest		(726)
As restated	$	1,181,015

8. INSURANCE AND RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

The Corporation carries commercial insurance risks of loss. There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

9. CONTINGENT LIABILITIES

Under the terms of Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenses under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any of expenses which may be disallowed by the grantor cannot be determined at this time, although the Corporation expects such amounts, if any, to be immaterial.

Jones, Cochenour & Co.
Certified Public Accountants

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*

Community Improvement Corporation, Monroe County
Woodsfield, Ohio

We have audited the financial statements of Community Improvement Corporation, Monroe County as of and for the years ended December 31, 2004, and have issued our report thereon dated June 22, 2006. The corporation changed its method of accounting in 2004 from the cash basis to the accrual basis. 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, Monroe County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Improvement Corporation, Monroe 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 is required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of the board of directors, management and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Jones, Cochenour & Co.

Jones, Cochenour & Co.
June 22, 2006

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COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004

Finding Number	Finding Summary	Fully Corrected?	Not corrected; Partially Corrected; Significantly Different Corrective Action Taken; of Finding No Longer Valid; Explain:
2003-001	Failure to file GAAP financial report as required by the Ohio Rev. Code Section 1724.05	Yes	Corrected

Auditor of State
Betty Montgomery

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COMMUNITY IMPROVEMENT CORPORATION OF MONROE COUNTY

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
NOVEMBER 9, 2006