

Harrison County Community Improvement Corporation

Cadiz, Ohio

Audit Report

December 31, 2006



Mary Taylor, CPA
Auditor of State

Board of Trustees
Harrison County Community Improvement Corporation
538 North Main Street
Cadiz, Ohio 43907

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 17, 2007

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Audit Report
December 31, 2006

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Independent Auditor's Report

To the Board of Trustees
Harrison County Community Improvement Corporation

We have audited the accompanying statement of financial position of Harrison County Community Improvement Corporation (a nonprofit organization) as of December 31, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Harrison County Community Improvement Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Harrison County Community Improvement Corporation as of December 31, 2006, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 15, 2007 on our consideration of the Harrison County Community Improvement Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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. R. Snodgrass, A.C.

Steubenville, Ohio
June 15, 2007

Harrison County Community Improvement Corporation
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2006

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$33,559
Contributions receivable	<u>500</u>
Total current assets	<u>34,059</u>

**COMPUTER EQUIPMENT, COMPUTER SOFTWARE, FURNITURE,
FIXTURES AND EQUIPMENT**

Computer equipment,	14,262
Computer software	374
Furniture and fixtures	4,105
Office equipment	<u>4,336</u>
Total	23,077
Accumulated depreciation	<u>18,302</u>
Total computer equipment, computer software, furniture, fixtures and equipment, net	<u>4,775</u>

Total assets	<u>\$38,834</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	<u>\$23,293</u>
Total current liabilities	<u>23,293</u>

NET ASSETS

Unrestricted	<u>15,541</u>
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Total liabilities and net assets	<u>\$38,834</u>
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The accompanying notes are in integral part of these financial statements.

Harrison County Community Improvement Corporation
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
SUPPORT			
Fair Housing grant	\$ -	\$ 3,159	\$ 3,159
Make-A-Difference day grant	-	5,000	5,000
Private contributions	1,000	500	1,500
In-kind wages	<u>79,535</u>	<u>-</u>	<u>79,535</u>
Total support	<u>80,535</u>	<u>8,659</u>	<u>89,194</u>
REVENUE			
Septic RLF administration fees	-	200	200
Grant administration fees	70,764	-	70,764
Interest	207	-	207
Miscellaneous	<u>94</u>	<u>-</u>	<u>94</u>
Total revenue	<u>71,065</u>	<u>200</u>	<u>71,265</u>
Total support and revenue	<u>151,600</u>	<u>8,859</u>	<u>160,459</u>
Net assets released from restriction	8,859	(8,859)	-
EXPENSES			
Contractual services	141,292	-	141,292
Administrative	18,113	-	18,113
Rent	4,950	-	4,950
Depreciation	2,854	-	2,854
Professional fees	2,022	-	2,022
Miscellaneous	<u>135</u>	<u>-</u>	<u>135</u>
Total expenses	<u>169,366</u>	<u>-</u>	<u>169,366</u>
Increase (Decrease) in Net Assets	(8,907)	-	(8,907)
Net Assets at Beginning of Year	<u>24,448</u>	<u>-</u>	<u>24,448</u>
Net Assets at End of Year	<u>\$ 15,541</u>	<u>\$ -</u>	<u>\$ 15,541</u>

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

Harrison County Community Improvement Corporation
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2006

OPERATING ACTIVITIES

Change in net assets	\$ (8,907)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	2,854
Net change in:	
Contribution receivable	(500)
Accounts payable	<u>21,795</u>
Net cash provided by operating activities	<u>15,242</u>
Net decrease in cash and cash equivalents	15,242
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR	<u>18,317</u>
CASH AND CASH EQUIVALENTS AS OF END OF YEAR	<u><u>\$33,559</u></u>

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

Harrison County Community Improvement Corporation
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Harrison County Community Improvement Corporation is a nonprofit Organization established for the purpose of advancing, encouraging and promoting the industrial, commercial, and civic development of Harrison County. It has accomplished this by acting as an agent of the Board of Harrison County Commissioners for administering grants. In turn, the organization receives an administration fee as compensation for the services rendered.

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor or grant 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 or grantor imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

SUPPORT AND REVENUE - CONTRIBUTIONS

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

**COMPUTER EQUIPMENT, COMPUTER SOFTWARE,
FURNITURE, FIXTURES AND EQUIPMENT**

Computer equipment, computer software, furniture, fixtures and equipment are carried at cost or donated fair value and include expenditures for major renewals and betterments. Maintenance, repairs, and minor renewals are charged to expense as incurred. When assets are sold, or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any profit or loss arising from such disposition is included as income or expense in the year in which it is disposed. Depreciation is computed by the straight line method based upon the estimated useful lives of the assets.

Depreciation of \$2,854 has been charged to operations for the year ended December 31, 2006.

Harrison County Community Improvement Corporation
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAXES

The Organization is exempt from federal income taxes under Internal Revenue Code 501(c)(4) and therefore has made no provision for federal income taxes in the accompanying financial statements.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

	<u>Per Bank</u>	<u>Per Books</u>
Sky Bank	<u>\$65,025</u>	<u>\$33,559</u>
Total cash and cash equivalents	<u>\$65,025</u>	<u>\$33,559</u>

3. ACCOUNTS PAYABLE

In February 2006, Harrison County Community Improvement Corporation acted as an agent for the Harrison County Commissioners in regards to the sale of the building located on Old Steubenville Pike in Cadiz, Ohio. The sale provided Harrison County Community Improvement Corporation with proceeds of \$55,000 which will be transferred to the Harrison County Commissioners.

As of December 31, 2006 the Harrison County Community Improvement Corporation owes \$23,059 to the Harrison County Commissioners in regards to the sale of the building.

4. SUPPORT

During the year ended December 31, 2006, the Harrison County Community Improvement Corporation received support from the following sources: 1) \$7,500 from the Harrison County Commissioners as part of the Fair Housing Grant to be used for administration and contractual service expenses associated with educating county residents about equal opportunity housing, 2) \$5,000 from the Harrison County Commissioners in the form of the Make-A-Difference Day grant to be used for administration and advertising expenses associated with promoting the state's pioneer and agricultural heritage, and 3) \$1,000 in private contributions from American Electric Power.

Harrison County Community Improvement Corporation
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

5. CONTRACTUAL SERVICES

The Harrison County Community Improvement Corporation utilizes employees of Harrison County to administer the various grants. Traditionally, the organization reimburses the county for a portion of wages and related payroll taxes. For the year ended December 31, 2006 this amounted to \$61,757.

In addition to the aforementioned arrangement, the organization recognized in-kind contributions valued at \$79,535. The in-kind contributions were the salaries and related payroll taxes paid to and on behalf of the employees of the organization by the county. These in-kind contributions are recorded as both revenue and expense.

6. RENT

In April, 2002, Harrison County Community Improvement Corporation entered into an agreement with the Harrison County Commissioners to lease its present office space. For the calendar year ended 2006, rent paid was \$4,950.

7. CONCENTRATION OF CREDIT RISK

The Organization's programs are maintained in the Harrison County, Ohio geographical area. The performance of its operational activity is dependent on local economic conditions.



**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**

To the Board of Trustees
Harrison County Community Improvement Corporation

We have audited the financial statements of Harrison County Community Improvement Corporation (a nonprofit organization) as of and for the year ended December 31, 2006, and have issued our report thereon dated June 15, 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 Harrison County Community Improvement Corporation'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 the Harrison County Community Improvement Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Harrison County Community Improvement Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 Harrison County Community Improvement Corporation'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 for the information and use of the Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

S. R. Smolgrass, A.C.

Steubenville, Ohio
June 15, 2007



Mary Taylor, CPA
Auditor of State

HARRISON COUNTY COMMUNITY IMPROVEMENT CORPORATION

HARRISON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 31, 2007**