

**MONROE COUNTY COMMUNITY
IMPROVEMENT CORPORATION
MONROE COUNTY
Regular Audit
For the Years Ended December 31, 2010 and 2009**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Trustees
Monroe County Community Improvement Corporation
117 North Main Street
Woodsfield, Ohio 43793

We have reviewed the *Independent Accountant's Report* of the Monroe County Community Improvement Corporation, Monroe County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2009 through December 31, 2010. 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 Monroe County Community Improvement Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 2, 2011

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**MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountant’s Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities.....	3
Statements of Cash Flows	4
Notes to the Financial Statements.....	5
Independent Accountants’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	10

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INDEPENDENT ACCOUNTANT'S REPORT

June 24, 2011

Monroe County Community Improvement Corporation
117 North Main Street
Woodsfield, OH 43793

To the Board of Trustees:

We have audited the accompanying financial statements of financial position of the **Monroe County Community Improvement Corporation**, Monroe County, Ohio (the Corporation) (a nonprofit organization), as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Corporation's basic financial statements 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 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 Corporation, as of December 31, 2010 and 2009, and the respective changes in its net assets and cash flows thereof, 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 June 24, 2011 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.

Respectfully Submitted,



Perry & Associates
Certified Public Accountants, A.C.

Monroe County Community Improvement Corporation
Statements of Financial Position
As of December 31, 2010 and 2009

	2010	2009
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,835	\$ 11,945
Accounts Receivable	331	416
Rent Receivable	-	4,412
Prepaid Expenses	806	1,550
TOTAL CURRENT ASSETS	5,972	18,323
 CAPITAL ASSETS		
Land	30,000	30,000
Buildings, Furniture and Equipment	1,971,654	1,971,654
TOTAL CAPITAL ASSETS	2,001,654	2,001,654
Less: Accumulated depreciation	(390,906)	(340,324)
NET CAPITAL ASSETS	1,610,748	1,661,330
 TOTAL ASSETS	\$ 1,616,720	\$ 1,679,653
 CURRENT LIABILITIES		
Accounts Payable	\$ -	\$ 222
Accrued Payroll and Payroll Taxes	305	311
Accrued Interest	24	393
Deferred Interest	1,848	-
Current Portion of Notes Payable	43,080	36,483
TOTAL CURRENT LIABILITIES	45,257	37,409
 LONG-TERM LIABILITIES		
Notes Payable (net of current portion)	185,227	228,307
TOTAL LONG-TERM LIABILITIES	185,227	228,307
 TOTAL LIABILITIES	230,484	265,716
 NET ASSETS		
Unrestricted	1,386,236	1,413,937
TOTAL NET ASSETS	1,386,236	1,413,937
 TOTAL LIABILITIES AND NET ASSETS	\$ 1,616,720	\$ 1,679,653

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

Monroe County Community Improvement Corporation
Statements of Activities
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
REVENUE		
Lease Income	\$ 22,060	\$ 48,531
Rent	29,400	21,900
Program Fees	5,033	9,469
Interest	-	12
Miscellaneous	8,695	6,507
TOTAL REVENUES	<u>65,188</u>	<u>86,419</u>
EXPENSES		
Wages and Fringe Benefits	5,882	5,074
Accounting and Professional Fees	5,150	9,260
Supplies	4	314
Real Estate Tax	-	14,965
Utilities	10,244	10,051
Insurance Expense	5,319	4,091
Service Charges	533	568
Rent	1,143	200
Repairs and Maintenance	3,544	2,261
Miscellaneous	3,222	1,782
Depreciation	50,582	50,610
Interest and Fees Expense	7,266	8,960
TOTAL EXPENSES	<u>92,889</u>	<u>108,136</u>
CHANGES IN NET ASSETS	(27,701)	(21,717)
NET ASSETS, BEGINNING OF YEAR (RESTATED, SEE NOTE 7)	<u>1,413,937</u>	<u>1,435,654</u>
NET ASSETS, END OF YEAR	<u>\$ 1,386,236</u>	<u>\$ 1,413,937</u>

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

Monroe County Community Improvement Corporation
Statements of Cash Flows
For the Years Ended December 31, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities:		
Cash Received	\$ 65,273	\$ 93,056
Cash Payments for Employee Services and Benefits	(5,888)	(5,059)
Cash Payments for Goods and Services	(31,859)	(53,131)
Net Cash Provided by Operating Activities	27,526	34,866
Cash Flows from Capital and Related Financing Activities:		
Principal Payment on Loans	(34,636)	(47,419)
Net Cash Used for Capital and Related Financing Activities	(34,636)	(47,419)
Net Increase in Cash and Cash Equivalents	(7,110)	(12,553)
Beginning Cash Balance	11,945	24,498
Ending Cash Balance	\$ 4,835	\$ 11,945
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ (27,701)	\$ (21,717)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	50,582	50,610
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	86	(275)
Decrease (increase) in Rent Receivable	4,412	6,912
Decrease (increase) in Prepaid Expenses	743	(149)
Increase (decrease) in Accounts Payable	(222)	222
Increase (decrease) in Accrued Interest	(368)	(52)
Increase (decrease) in Accrued Payroll and Payroll Taxes	(6)	15
Increase (decrease) in Deferred Rent	-	(700)
Total adjustments	55,227	56,583
Net cash provided by operating activities	\$ 27,526	\$ 34,866

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

Monroe County Community Improvement Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2010 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Community Improvement Corporation, Monroe County (the Corporation), is a non-profit corporation incorporated in 1975 under authority of Ohio Revised 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.

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

B. BASIS OF ACCOUNTING

The financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

C. REVENUE RECOGNITION

Income from intergovernmental, rental and program fees are recognized over the period to which fees relate.

D. CASH AND CASH EQUIVALENTS

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

E. FEDERAL INCOME TAX

The Corporation is an exempt organization under Section 501(c) (3) of the Internal Revenue Code. By virtue of Ohio Law, the Corporation is not subject to Ohio income taxes.

F. PROPERTY, PLANT AND EQUIPMENT

Equipment is stated at cost and is depreciated over the estimated useful lives by the straight-line method of financial reporting purposes. Repairs and maintenance are charged to operations when incurred and improvements and additions are capitalized. When equipment is sold, or otherwise disposed of, the net asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

G. 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 revenue and expenses. Actual results could differ from those estimates.

Monroe County Community Improvement Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2010 and 2009

(Continued)

2. CASH

The Corporation maintains three checking accounts and one savings account. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>2010</u>		<u>2009</u>	
Demand deposits	\$	4,831	\$	11,941
Savings Accounts		4		4
Total deposits	\$	<u>4,835</u>	\$	<u>11,945</u>

Deposits are insured by the Federal Deposit Insurance Corporation.

3. PROPERTY, PLANT & EQUIPMENT

The Corporation owns the 13,500 square foot facility in the Monroe Industrial Park housing Industrial Paint & Strip, Inc., and the Black Walnut Center, Multi-Tenant Building.

Property and equipment consists of:

	<u>2010</u>		<u>2009</u>	
Land	\$	30,000	\$	30,000
Building		1,969,965		1,969,965
Equipment		1,122		1,122
Furniture and Fixtures		567		567
Total Property and Equipment		<u>2,001,654</u>		<u>2,001,654</u>
Less: Accumulated Depreciation		(390,906)		(340,324)
Net Total		<u>\$1,610,748</u>		<u>\$1,661,330</u>

4. DEBT

Debt outstanding at December 31, 2010 and 2009 are as follows:

<u>Name</u>	<u>Principal Outstanding 12/31/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 12/31/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 12/31/10</u>	<u>Due within One Year</u>
Rural Industrial Park Loan - 3%	\$ 239,515	\$ -	\$ 32,501	\$ 207,014	\$ -	\$ 22,214	\$ 184,800	\$ 28,400
Commercial Loan - Wesbanco - 4.25%	30,560	-	3,830	26,730	-	3,996	22,734	4,169
Promissory Note- Monroe County Chamber of Commerce - Promissory Note- Pioneer Larger Parish - 0%	6,375	-	1,500	4,875	-	1,500	3,375	1,500
Promissory Note- Wesbanco - 3.25%	4,166	-	1,000	3,166	-	1,000	2,166	1,000
Promissory Note- Woodsfield Savings Bank - 6%	10,286	-	3,191	7,095	-	3,348	3,747	3,457
Promissory Note- Citizens National Bank - 2.275%	10,862	-	2,175	8,687	-	2,203	6,484	2,332
TOTALS	<u>\$ 311,209</u>	<u>\$ -</u>	<u>\$ 46,419</u>	<u>\$ 264,790</u>	<u>\$ -</u>	<u>\$ 36,483</u>	<u>\$ 228,307</u>	<u>\$ 43,080</u>

Monroe County Community Improvement Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2010 and 2009

(Continued)

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 an open-end mortgage on the property and the loan will be repaid through lease income received from the building occupants. During 2010, in the month of September, this loan went into forbearance and all interest is to be deferred to the end of the repayment period. In September 2010, the Board petitioned the Ohio Department of Development for a six month forbearance of principal and interest which was approved. Payments will resume in March 2011 with the interest being deferred until the end of the loan.

The commercial loan financed with Wesbanco is to assist with the cost 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 Woodfield and Woodfield 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, including interest and service fees is as follows:

Year Ending	Rural	Commercial	Promissory Note:	Promissory Note:	Promissory	Promissory	Promissory Note:
	Industrial	Loan:	Monroe County	Larger Parish of	Note:	Note: Citizens	Woodsfield
	Park Loan	Wesbanco	Chamber of	Monroe County	Wesbanco	Natonal Bank	Savings Bank
			Commerce				
2011	\$ 39,242	\$ 5,055	\$ 1,500	\$ 1,000	\$ 3,527	\$ 2,479	\$ 2,665
2012	39,242	5,055	1,500	1,000	3,527	2,387	2,665
2013	39,242	5,055	375	166	294	2,295	2,665
2014	39,242	5,055	-	-	-	-	1,890
2015	29,431	4,976	-	-	-	-	-
Totals	<u>\$ 186,399</u>	<u>\$ 25,196</u>	<u>\$ 3,375</u>	<u>\$ 2,166</u>	<u>\$ 7,348</u>	<u>\$ 7,161</u>	<u>\$ 9,885</u>

5. COMMERCIAL LEASES

A. INDUSTRIAL PAINT & STRIP, INC (IPS)

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 five (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.

Monroe County Community Improvement Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2010 and 2009

(Continued)

5. COMMERCIAL LEASES – (Continued)

A. INDUSTRIAL PAINT & STRIP, INC (IPS) (Continued)

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 (0.25%) annually.

As additional rental, IPS agreed to pay the sum of \$9,700 commencing January 1, 2001, with monthly payments of \$291 for a period of 36 months. The additional \$9,700 advancement was made by the Monroe County Commissioners for an application fee to the State Department of Development for the Rural Industrial Park Loan. This requirement was satisfied on December 19, 2003.

As additional rental, IPS will reimburse the Corporation the monthly payment due and owed on the \$56,187 participation loan at \$476 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%.

In December 2008, the Board approved IPS to sublease the building to Control Design and Integration, LLC (CDI). CDI will take over the lease payment for IPS until the 10 year lease agreement comes to an end in July 2010.

In November 2010, CDI vacated the building and all lease money outstanding was waived by the Board. Negotiations with Ohio Made Tires to purchase the building were in the beginning stages at the end of 2010.

B. 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 was \$700 for 2010 and 2009. The lease agreement will be reviewed annually by the Board.

C. MONROE COUNTY BOARD OF ELECTIONS

The Corporation entered into a two year lease with the Monroe County Board of Elections for the purpose of housing the Monroe County Election office. The lease calls for the Elections Board to utilize 1,500sq. ft. of space at a cost of \$8/sq.ft. with a 3% acceleration cost per year. Due to the economic conditions, the Corporation has chose not to increase the lease in 2011 or 2010.

D. PROJECT AND CONSTRUCTION SERVICE, INC.

The Corporation entered into a two year lease with Project and Construction Service, Inc. in November 2009 in the space occupied by the Corporation. The lease amount is \$750 per month plus \$400 per month for utilities that will be paid by the Corporation. The lease is not anticipated to be renewed due to the temporary nature of their contract with the Switzerland of Ohio Local School District.

Monroe County Community Improvement Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2010 and 2009

(Continued)

6. RELATED PARTY

The Corporation's books are in the care of one of its board members, Tracey Craig, and the services that would otherwise be charged by a Certified Public Accountant are provided for a fee. The accounting fees paid to Tracey E. Craig Tax and Financial Services for the years ended December 31, 2010 and 2009 are \$3,900 and \$5,250, respectively.

7. PRIOR PERIOD ADJUSTMENT

Unrestricted net assets at the beginning of 2009 have been adjusted for rent income which was claimed in 2008 but not received until January 2009. The correction has no effect on the results of the current year's activities; however, the cumulative effect decreases beginning unrestricted net assets for 2009 by \$1,000. Previously issued financial statements have not been restated to correct this error.

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

June 24, 2011

Board of Trustees
Monroe County Community Improvement Corporation
117 North Main Street
Woodsfield, OH 43793

To the Board of Trustees:

We have audited the financial statements of the **Monroe County Community Improvement Corporation**, Monroe County, Ohio (the Corporation) (a nonprofit organization), as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated June 24, 2011. 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 as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not to opine on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Corporation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Monroe County Community Improvement Corporation
Monroe County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's basic 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 intend this report solely for the information and use of the Corporation's management and the Board of Trustees. We intend it for no one other than these specified parties.

Respectfully Submitted

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry & Associates
Certified Public Accountants, A.C.

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Dave Yost • Auditor of State

MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION

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
AUGUST 16, 2011**