

***MONROE COUNTY COMMUNITY
IMPROVEMENT CORPORATION***

MONROE COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2018 and 2017





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Board of Trustees
Monroe County Community Improvement Corporation
132 South Main Street
Woodfield, Ohio 43793

We have reviewed the *Independent Auditor's Report* of the Monroe County Community Improvement Corporation, Monroe County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2017 through December 31, 2018. 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 "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 29, 2019

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MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY
December 31, 2018 and 2017

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Statements of Financial Position - As of December 31, 2018 and 2017	3
Statements of Activities - For the Years Ended December 31, 2018 and 2017	4
Statements of Cash Flows - For the Years Ended December 31, 2018 and 2017	5
Notes to the Basic Financial Statements for the Years Ended December 31, 2018 and 2017	6
Statements of Financial Position - As Of December 31, 2017 and 2016	10
Statements of Activities - For the Years Ended December 31, 2017 and 2016	11
Statements of Cash Flows - For the Years Ended December 31, 2017 and 2016	12
Notes to the Basic Financial Statements for the Years Ended December 31, 2017 and 2016	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	16

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Monroe County Community Improvement Corporation
Monroe County
132 South Main Street
Woodsfield, Ohio 43793

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Monroe County Community Improvement Corporation, Monroe County, Ohio (the Corporation), which comprise the statements of financial position as of December 31, 2018, 2017, and 2016 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

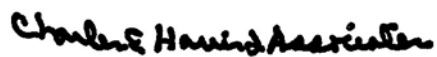
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Monroe County Community Improvement Corporation, Monroe County, Ohio, as of December 31, 2018, 2017, and 2016, and the changes in financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2018, the Corporation adopted new accounting guidance, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.

June 28, 2019

MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
Current Assets		
Cash and Cash Equivalents	\$ 254,666	\$ 196,270
Prepaid Expense	1,994	1,632
Accounts Receivable	816	6,475
Total Current Assets	257,476	204,377
Capital Assets		
Land	555,000	555,000
Building, Furniture and Equipment	1,436,304	1,436,304
Total Capital Assets	1,991,304	1,991,304
Less: Accumulated Depreciation	(537,795)	(501,010)
Net Capital Assets	1,453,509	1,490,294
Total Assets	\$ 1,710,985	\$ 1,694,671
Current Liabilities		
Accrued Expenses	\$ 531	\$ 1,495
Accrued Income	3,100	-
Accrued Wages	-	245
Accrued Payroll Liabilities	186	309
Total Liabilities	3,817	2,049
Net Assets		
Without Donor Restrictions	1,707,168	1,692,622
Total Net Assets	1,707,168	1,692,622
Total Liabilities and Net Assets	\$ 1,710,985	\$ 1,694,671

See accompanying notes to the basic financial statements.

MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDING DECEMBER 31, 2018 AND 2017

	Without Donor Restrictions	
	2018	2017
Revenue		
Lease Income	\$ -	\$ 98,275
Program Fees	7,455	-
Rent Income	57,800	60,250
Donations	41,376	-
Utility Reimbursement	15,952	12,158
Micellaneous Income	34	-
Total Revenue	122,617	170,683
Operating Expenses		
Wages and Fringe Benefits	6,190	7,306
Accounting and Professional Fees	6,548	11,364
Supplies	2,498	225
Real Estate Taxes	19,779	19,825
Utilities	21,741	17,468
Insurance Expense	5,659	5,208
Rent	1,574	1,200
Repairs and Maintenance	6,602	4,742
Advertising	495	-
Depreciation	36,785	36,785
License, Permits & Fees	200	200
Total Operating Expenses	108,071	104,323
Operating (Loss)	14,546	66,360
Non-Operating Revenue (Expenses)		
Other Income	-	77
Change in Net Assets	14,546	66,437
Net Assets at January 1	1,692,622	1,626,185
Net Assets at December 31	\$ 1,707,168	\$ 1,692,622

See accompanying notes to the basic financial statements.

MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY
STATEMENTS OF CASH FLOWS
FOR YEARS ENDING DECEMBER 31, 2018 AND 2017

	2018	2017
Cash Flows from Operating Activities		
Cash Received	\$ 131,376	\$ 164,448
Cash Payments for Employee Services and Benefits	(6,557)	(7,022)
Cash Payments for Goods and Services	(66,423)	(58,270)
	58,396	99,156
Cash Flows from Financing Activities		
Forgiveness of Delinquent Real Estate Taxes	-	77
	-	77
Net Cash Provided By (Used in) Operating Activates	58,396	99,156
Cash Flows from Financing Activates		
Forgiveness of Delinquent Real Estate Taxes	-	77
	-	77
Net Cash Provided By Financing Activities	-	77
Net Increase in Cash and Cash Equivalents	58,396	99,233
Beginning Cash Balance	196,270	97,037
Ending Cash Balance	\$ 254,666	\$ 196,270
 RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ 14,546	\$ 66,360
 Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	36,785	36,785
Changes in assets and liabilities:		
Decrease (increase) in Prepaid Expense	(362)	467
Decrease (increase) in Accounts Receivable	5,659	(6,235)
Increase (decrease) in Accrued Expenses	(965)	1,495
Increase (decrease) in Accrued Wages	(245)	245
Increase (decrease) in Accrued Income	3,100	-
Increase (decrease) in Payroll Liabilities	(122)	39
Total Adjustments	43,850	32,796
Net cash provided by (Used In) Operating Activities	\$ 58,396	\$ 99,156

See accompanying notes to the basic financial statements.

MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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 § 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 § 1724.10.

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

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. FINANCIAL STATEMENT PRESENTATION

The Financial Accounting Standards Board issued ASU 2016-2014, Not for Profits Entities (Topic 958) – *Presentation of Financial Statements of Not for Profit Entities*. Under ASU 2016-2014, nonprofits are required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Corporation's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. The Corporation reported no Net Assets with donor restrictions.

As permitted by the statement, the Corporation does not use fund accounting.

E. CASH AND CASH EQUIVALENTS

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

**MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. FEDERAL INCOME TAX

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

G. CAPITAL ASSETS

Capital Assets are stated at cost and are depreciated over the estimated useful lives by the straight-line method for 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.

H. 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.

I. NEW ACCOUNTING PRONOUNCEMENT

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Corporation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

2. LIQUITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflect the Corporation’s financial assets as of the balance sheet date December 31, 2018 and 2017, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	2018	2017
Total Assets, at year end	\$ 1,710,985	\$ 1,694,671
Less: Fixed and Non-Financial Assets	1,456,319	1,490,294
Financial Assets, at year end	254,666	204,377
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 254,666	\$ 204,377

**MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017**

3. CAPITAL ASSETS

The Corporation owns the Black Walnut Center, a Multi-Tenant Building in Monroe County Industrial Park. It is currently fully leased to 3 businesses.

During fiscal year 2012, the Corporation received a donation of 40.774 acres of land with an appraised market value of \$525,000. The corporation assumed all mineral rights associated with the property, and the property is being held for future development within Monroe County, Ohio.

Property and equipment consists of:

	2018	2017
Land	\$ 555,000	\$ 555,000
Building	1,434,615	1,434,615
Equipment	1,122	1,122
Furniture and Fixtures	567	567
Total Property and Equipment	1,991,304	1,991,304
Less: Accumulated Depreciation	(537,795)	(501,010)
Net Total	\$ 1,453,509	\$ 1,490,294

4. COMMERCIAL LEASES

A. 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 \$1,000 plus utilities for 2018 and 2017. The lease agreement will be reviewed annually by the Board.

B. AK APPAREL LLC

The Corporation entered into lease negotiations with an option to purchase with AK Apparel LLC in August 2014 in the space formally occupied by the Board of Elections and the remaining warehouse. The lease amount is \$3,000 per month and \$3,050 a month starting in August 2017 plus any utilities that will be paid by the Corporation. AK moved in August 2014 but a final contract has not been signed as contract negotiations are ongoing. A verbal month to month lease has been agreed upon until the final contract is signed.

C. GRANGER

The Corporation entered into a lease with Granger, a corporation who is constructing the new jail facility next door to the Black Walnut center. The lease is month to month starting in June of 2016 for \$1,000 per month and includes utilities. Granger elected to discontinue their lease as of March 2018.

D. OHIO DEPARTMENT OF TRANSPORTATION

The Corporation entered in to a lease with Ohio Department of Transportation (ODOT) for the use of a building and land. The lease is month to month starting in June of 2018 for \$1,000/per month and includes utilities.

MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

5. MINERAL LEASE

On December 3, 2012, the Corporation entered into a five (5) year primary term lease agreement with XTO Energy, Inc. (Lessee). The principal terms of the lease are as follows: 19.655 acres of land and all mineral rights therein shall be leased for a sum of \$5,000 per acre. The Corporation shall receive a twenty percent (20.00%) royalty on all oil extracted and Lessee is granted the option to renew this lease under the same provisions for a secondary primary term of five (5) years from the end of the initial primary term hereof. The option to renew this lease was exercised on December 3, 2017.

6. RELATED PARTY

The Corporation's books are in the care of one of its board members and the services that would otherwise be charged by a Certified Public Accountant are provided for a fee. The accounting fees for the years ended December 31, 2018 and 2017 are \$2,700 and \$2,700, respectively.

7. SUBSEQUENT EVENT

A final contract was signed in April 2019 to transfer all capital assets, leases, and monies associated with the Black Walnut Center and property owned in Cochransville to the Monroe County Port Authority ("MCPA").

MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
Current Assets		
Cash and Cash Equivalents	\$ 196,270	\$ 97,037
Prepaid Expense	1,632	2,099
Accounts Receivable	6,475	240
Total Current Assets	204,377	99,376
Capital Assets		
Land	555,000	555,000
Building, Furniture and Equipment	1,436,304	1,436,304
Total Capital Assets	1,991,304	1,991,304
Less: Accumulated Depreciation	(501,010)	(464,225)
Net Capital Assets	1,490,294	1,527,079
Total Assets	\$ 1,694,671	\$ 1,626,455
Current Liabilities		
Accrued Expenses	\$ 1,495	\$ -
Accrued Wages	245	-
Accrued Payroll Liabilities	309	270
Total Liabilities	2,049	270
Net Assets		
Unrestricted	1,692,622	1,626,185
Total Net Assets	1,692,622	1,626,185
Total Liabilities and Net Assets	\$ 1,694,671	\$ 1,626,455

See accompanying notes to the basic financial statements.

MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDING DECEMBER 31, 2017 AND 2016

	2017	2016
Revenue		
Lease Income	\$ 98,275	\$ -
Rent Income	60,250	57,000
Utility Reimbursement	12,158	12,562
Micellaneous Income	-	700
Total Revenue	170,683	70,262
Operating Expenses		
Wages and Fringe Benefits	7,306	6,997
Accounting and Professional Fees	11,364	6,580
Supplies	225	792
Real Estate Taxes	19,825	19,826
Utilities	17,468	17,190
Insurance Expense	5,208	4,965
Rent	1,200	1,200
Repairs and Maintenance	4,742	4,675
Depreciation	36,785	36,785
License, Permits & Fees	200	200
Total Operating Expenses	104,323	99,210
Operating (Loss)	66,360	(28,948)
Non-Operating Revenue (Expenses)		
Forgiveness of Taxes	-	71,906
Other Income	77	-
Change in Net Assets	66,437	42,958
Net Assets at January 1	1,626,185	1,583,227
Net Assets at December 31	\$ 1,692,622	\$ 1,626,185

See accompanying notes to the basic financial statements.

**MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY
STATEMENTS OF CASH FLOWS
FOR YEARS ENDING DECEMBER 31, 2017 AND 2016**

	2017	2016
Cash Flows from Operating Activities		
Cash Received	\$ 164,448	\$ 77,605
Cash Payments for Employee Services and Benefits	(7,022)	(6,986)
Cash Payments for Goods and Services	(58,270)	(94,228)
	99,156	(23,609)
Net Cash Provided By (Used in) Operating Activates		
Cash Flows from Financing Activates		
Forgiveness of Delinquent Real Estate Taxes	77	-
	77	-
Net Cash Provided By Financing Activities		
Net Increase in Cash and Cash Equivalents	99,233	(23,609)
Beginning Cash Balance	97,037	120,646
Ending Cash Balance	\$ 196,270	\$ 97,037
 RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ 66,360	\$ (28,948)
 Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	36,785	36,785
Changes in assets and liabilities:		
Decrease (increase) in Prepaid Expense	467	(1,007)
Decrease (increase) in Accounts Receivable	(6,235)	7,343
Increase (decrease) in Accrued Expenses	1,495	-
Increase (decrease) in Accrued Taxes	-	(37,793)
Increase (decrease) in Accrued Wages	245	-
Increase (decrease) in Accrued Income	-	-
Increase (decrease) in Payroll Liabilities	39	11
Total Adjustments	32,796	5,339
Net cash provided by (Used In) Operating Activities	\$ 99,156	\$ (23,609)

See accompanying notes to the basic financial statements.

MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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 § 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 § 1724.10.

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

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. FINANCIAL STATEMENT PRESENTATION

The Corporation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Corporation does not use fund accounting.

E. CASH AND CASH EQUIVALENTS

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

F. FEDERAL INCOME TAX

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

G. CAPITAL ASSETS

Capital Assets are stated at cost and are depreciated over the estimated useful lives by the straight-line method for 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.

**MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

H. 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.

2. CASH

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

	2017	2016
Demand Deposits	\$ 196,270	\$ 97,037

Deposits are insured by the Federal Deposit Insurance Corporation.

3. CAPITAL ASSETS

The Corporation owns the Black Walnut Center, a Multi-Tenant Building in Monroe County Industrial Park. It is currently fully leased to 3 businesses.

During fiscal year 2012, the Corporation received a donation of 40.774 acres of land with an appraised market value of \$525,000. The Corporation assumed all mineral rights associated with the property, and the property is being held for future development within Monroe County, Ohio.

Property and equipment consists of:

	2017	2016
Land	\$ 555,000	\$ 555,000
Building	1,434,615	1,434,615
Equipment	1,122	1,122
Furniture and Fixtures	567	567
Total Property and Equipment	1,991,304	1,991,304
Less: Accumulated Depreciation	(501,010)	(464,225)
Net Total	\$ 1,490,294	\$ 1,527,079

MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

4. COMMERCIAL LEASES

A. 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 \$1,000 plus utilities for 2017 and 2016. The lease agreement will be reviewed annually by the Board.

B. AK APPAREL LLC

The Corporation entered into lease negotiations with an option to purchase with AK Apparel LLC in August 2014 in the space formally occupied by the Board of Elections and the remaining warehouse. The lease amount is \$3,000 per month and increasing to \$3,050 in August of 2017 plus any utilities that will be paid by the Corporation. AK moved in August 2014 but a final contract has not been signed as contract negotiations are ongoing. A verbal month to month lease has been agreed upon until the final contract is signed.

C. GRANGER

The Corporation entered into a lease with Granger, a corporation who is constructing a new jail facility next door to the Black Walnut center. The lease is month to month starting in June of 2016 for \$1,000 per month and includes utilities.

5. REAL ESTATE TAX

During fiscal year 2012, the Corporation received notice that it was declined tax exempt status on its real estate holdings. This resulted in a past due tax assessment of \$100,171 to the Black Walnut Center. In 2016, the Corporation received a reduction of past due real estate taxes in the amount of \$71,906 by the County, the taxes were paid in full.

6. MINERAL LEASE

On December 3, 2012, the Corporation entered into a five (5) year primary term lease agreement with XTO Energy, Inc. (Lessee). The principal terms of the lease are as follows: 19.655 acres of land and all mineral rights therein shall be leased for a sum of \$5,000 per acre. The Corporation shall receive a twenty percent (20.00%) royalty on all oil extracted and Lessee is granted the option to renew this lease under the same provisions for a secondary primary term of five (5) years from the end of the initial primary term hereof. The option to renew the lease was exercised on December 3, 2017.

7. RELATED PARTY

The Corporation's books are in the care of one of its board members and the services that would otherwise be charged by a Certified Public Accountant are provided for a fee. The accounting fees for the years ended December 31, 2017 and 2016 are \$2,700 and \$2,700, respectively.

8. SUBSEQUENT EVENT

On July 17, 2017 the Corporation agreed to the transfer of ownership of the Black Walnut center to the Monroe County Port Authority ("MCPA"). Additionally, during 2017 the Corporation agreed to the transfer of ownership of property owned in Cochranville, Ohio to the MCPA. A final contract has not been signed as contract negotiations are ongoing.

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

Monroe County Community Improvement Corporation
Monroe County
132 South Main Street
Woodsfield, Ohio 43793

To the Board of Trustees:

We have audited, 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, the financial statements the Monroe County Improvement Corporation, Monroe County, Ohio (the Corporation) which comprise the statements of financial position as of December 31, 2018, and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated June 28, 2019. We noted the Corporation implemented Financial Accounting Standards Board ASU 2016-14.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

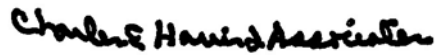
As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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*.

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

There is a certain matter not requiring inclusion in this report that we reported to the Corporation's management in a separate letter dated June 28, 2019.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
June 28, 2019

OHIO AUDITOR OF STATE KEITH FABER



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
SEPTEMBER 12, 2019**