

COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY

A Non-Profit Organization
Independent Auditor's Report

For the Years Ended
December 31, 2007 and 2006

Prepared by:
James G. Mourning
Certified Public Accountant
31-0991446

Issued:
June 30, 2008
June 15, 2013



Dave Yost • Auditor of State

Board of Trustees
Meigs County Community Improvement Corporation
238 West Main Street
Pomeroy, Ohio 45769

We have reviewed the *Independent Accountants' Report* of the Meigs County Community Improvement Corporation, Meigs County, prepared by James G. Mourning, Certified Public Accountant, for the audit period January 1, 2006 through December 31, 2007. 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 Meigs County Community Improvement Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

September 6, 2013

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COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY

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JAMES G. MOURNING

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INDEPENDENT ACCOUNTANTS' REPORT

Community Improvement Corporation Meigs County
238 West Main Street
Pomeroy, Ohio 45769

To the Board of Trustees:

I have audited the accompanying financial statements of the Community Improvement Corporation, Meigs County, Ohio (the Corporation), as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Improvement Corporation, Meigs County, Ohio, as of December 31, 2007 and 2006, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 15, 2013, on my consideration of the Corporation's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While I did not opine on the internal control over financial reporting or on compliance, that report describes the scope of my 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 my audit.

I conducted my audit to opine on the financial statements that comprise the Corporation's financial statements taken as a whole. The Federal Awards Expenditures Schedule (the Schedule) provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This Schedule was subject to the auditing procedures I applied to the basic financial statements. I also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In my opinion, this information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

James G. Mourning
Certified Public Accountant
Middleport, Ohio 45760-1214
June 30, 2008
June 15, 2013

Community Improvement Corporation
Meigs County

Statement of Financial Position
For The Years Ended December 31, 2007 and 2006

<u>UNRESTRICTED ASSETS:</u>	<u>2007</u>	<u>2006</u>
Current Assets		
<u>Cash and Cash Equivalents (see Note 4)</u>		
Cash in Bank - Checking - Regular Farmers B&S	\$ 40,918	66,617
Cash in Bank - Checking - Midwest Farmers B&S	0	4,204
Cash in Bank - Checking - Rio Grande Farmers B&S	50	49,288
Cash in Bank - Savings - Farmers B&S	0	9,780
Cash - CD - Farmers B&S	46,803	100,000
Cash - CD - Home National Bank	50,000	75,000
Total Cash and Cash Equivalents	<u>137,771</u>	<u>304,889</u>
Other Current Assets		
Accounts Receivable Interest	17,766	3,956
Accounts Receivable Grants	250,000	296,191
Prepaid Expenses	0	4,107
Notes Receivable Mountaineer Metals	23,532	22,387
Accounts Receivable - Middleport Development	0	3,000
Accounts Receivable - Rio Grande Project	31,531	0
Total Current Assets	<u>\$ 460,600</u>	<u>634,530</u>
Non-Current Assets		
Long Term Notes Receivable Mountaineer Metals	\$ 216,570	240,101
Fixed Assets		
Building - Middleport & Improvements	\$ 200,000	200,000
Land and Improvements - Tuppers Plains	751,930	751,930
Land and Improvements - Pomeroy	252,500	250,000
New Building - Pomeroy	850,000	850,000
Hospital Property - Pomeroy	500,000	0
Building - State Garage - AEP	443,420	443,420
Land - Pomeroy Jr. High	70,000	0
Pamida Building - Pomeroy	500,000	500,000
Construction in Progress	1,080,000	1,080,000
Land and Building - Rio Grande	1,542,491	716,480
Land - Monkey Run - Pomeroy	253,500	0
Less: Accumulated Depreciation	<u>(499,467)</u>	<u>(397,020)</u>
Total Fixed Assets	<u>5,944,374</u>	<u>4,394,810</u>
Total Non Current Assets	<u>6,160,944</u>	<u>4,634,911</u>
Total Unrestricted Assets	<u>\$ 6,621,544</u>	<u>5,269,441</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement

Community Improvement Corporation
Meigs County

Statement of Financial Position
For The Years Ended December 31, 2007 and 2006

LIABILITIES AND UNRESTRICTED NET ASSETS:

	2007	2006
Current Liabilities		
Notes Payable - Farmers B&S - Industrial Park	\$ 21,089	21,089
Notes Payable - ODOD - Millennium Bldg	0	43,466
Notes Payable - Farmers B&S - Pamida Building	23,510	24,719
Interest Payable	18,491	524
Accounts Payable	772	2,556
 Total Current Liabilities	\$ 63,862	92,354

LONG-TERM LIABILITIES:

Notes Payable - Farmers B&S - Industrial Park	\$ 4,411	774
Notes Payable - Farmers B & S - Rio Building	502,915	0
Notes Payable - ODOD - Millennium Bldg	440,742	436,995
Notes Payable - Farmers B & S - Pamida Building	424,699	446,796
Notes Payable - Spec Building	440,000	440,000
Notes Payable - Farmers B&S - Hospital	300,000	0
Total Long-Term Liabilities	2,112,767	1,324,565

TOTAL LIABILITIES

	2,176,629	1,416,919
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UNRESTRICTED RETAINED NET ASSETS

Unrestricted Retained Net Assets	4,444,915	3,852,522
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Total Unrestricted Net Assets

	4,444,915	3,852,522
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TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS

	\$ 6,621,544	5,269,441
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The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Operating Revenues:		
CIC Dues	\$ 1,250	1,900
Lease Revenue	188,706	252,882
Other Revenue	0	5,008
Total Operating Revenues	<u>\$ 189,956</u>	<u>259,790</u>
Operating Expenses		
Advertising and Marketing	\$ 65	991
Dues	1,500	3,100
Depreciation	102,447	102,447
Janitorial Fees	15,850	21,000
Lease Payments - Meigs County	27,500	25,417
Miscellaneous	10,769	9,644
Mowing/Snow /Contract	5,000	1,225
Professional Fees	8,245	34,160
Property and Other Insurance	11,046	12,774
Real Estate Taxes	19,514	23,993
Repairs and Maintenance	8,002	7,971
Supplies	1,648	3,616
Utilities	9,757	8,505
Total Operating Expenses	<u>221,343</u>	<u>254,843</u>
Operating Income (Loss)	<u>\$ (31,387)</u>	<u>4,947</u>
Nonoperating Revenues (Expenses):		
Intergovernmental Grants	\$ 0	421,000
Earnings on Investments	22,049	11,892
Sale of Midwest Steel Building	0	325,000
Cost of Midwest Steel Building	0	(651,667)
Sale of Tappers Plains Building	0	375,000
Cost of Tappers Plains Building	0	(530,000)
Interest & Finance Charges	(43,269)	(49,807)
Total Nonoperating Revenues (Expenses)	<u>(21,220)</u>	<u>(98,582)</u>
Adjustment to Net Assets:		
Contribution of Land - Meigs School Board	0	657,000
Contribution of Land - Jay Hall, Jr.	245,000	
Contribution - Bernard V. Fultz - Rio Building	200,000	
Contribution ODOD Grant - Hospital Land	200,000	
Total Adjustment to Net Assets	<u>645,000</u>	<u>657,000</u>
Net Increase (Decrease) in Net Assets	<u>\$ 592,393</u>	<u>563,365</u>

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The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement

COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY

STATEMENT OF ACTIVITIES
As of December 31, 2007 and December 31, 2006

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	2007		2006
Net Increase (Decrease) in Net Assets	\$ 592,393	\$	563,365
In - Kind			
In - Kind			
Revenue	33,326		47,775
Expense	33,326		47,775
Summary			
Total Revenue	890,331		2,097,457
Total Expense	297,938		1,534,092
Increase (Decrease) in Net Assets	592,393		563,365
Unrestricted Net Assets January 1	3,852,522		3,289,157
Unrestricted Net Assets December 31	\$ 4,444,915	\$	3,852,522

The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007 and 2006**

	2007	2006
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 188,706	252,882
Cash Received for Operating Revenues	1,250	6,908
Cash Payments to Suppliers and Goods and Services	(102,713)	(154,610)
Net Cash Used for Operating Activities	87,243	105,180
Cash Flows from Financing Activities:		
Real Estate Closing Fees Deferred	0	(2,340)
Operating Grants Received	0	421,000
Contributions	645,000	657,000
Principal Payments	(87,055)	(315,458)
(Increase) Decrease in Accounts and Notes Receivable	30,343	(569,742)
Interest and Finance Charges	(43,269)	(49,807)
Proceeds from Notes Payable	830,582	0
Net Proceeds of Real Estate and Buildings	0	700,000
Acquisition of Capital Assets	(1,652,011)	(716,480)
Net Cash Flows from Financing Activities	(276,410)	124,173
Cash Flows from Investment Activities:		
Interest on Investments and Notes	22,049	11,892
Net Cash from Investing Activities and Notes	22,049	11,892
Net Increase (Decrease) in Cash and Cash Equivalents	(167,118)	241,245
Cash and Cash Equivalents at Beginning of Year	304,889	63,644
Cash and Cash Equivalents - End of Reporting Year	\$ 137,771	304,889
Reconciliation of Operating Loss to Net Cash Used for Operating Activities		
Increase (Decrease) Net Assets	(31,387)	4,947
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities		
Depreciation	102,447	102,447
Changes in Assets and Liabilities		
Increase (Decrease) Accounts Payable	16,183	(2,214)
Total Adjustments	118,630	100,233
Net Cash Used for Operating Activities	\$ 87,243	105,180

The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2007 and December 31, 2006**

1. Summary of Significant Accounting Policies

A. Description of Entity

The Community Improvement Corporation, Meigs County (the Corporation), is a not-for-profit corporation and was incorporated on March 26, 1964, under authority of Ohio Rev. Code Section 1702.01. The corporation is governed by an appointed Board of 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 Meigs County, Ohio.

The Corporation's management believes the financial statements present all activities for which the Corporation is financially accountable.

B. Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis.

In 1997, the Corporation adopted Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made" (SFAS No. 116) and Statement of Financial Accounting Standards No. 117, "Financial Statements for Not-For-Profit Organizations" (SFAS No. 117). The statements of the new standards have been applied to the years presented.

Conditional Promises to Give. As of the date of the financial statements, the Corporation had no conditional promises to give from any funding or potential funding source.

Use of Estimates. Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from those estimates.

Cash and Cash Equivalents. Cash and cash equivalents (see Note 4) consist of cash held in checking and savings accounts and the face value of certificates of deposit. At year-end and throughout the year, the Corporation's cash balances were maintained by bonded staff or deposited into a local bank. Management believes that the Organization is not exposed to any significant risk on cash and cash equivalents.

Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed 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-imposed stipulations.
- **Temporary restricted net assets** – Net assets subject to donor-imposed stipulation that may or will be met either by actions of the organization and/or the passage of time.

COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2007 and December 31, 2006

1. Summary of Significant Accounting Policies (continued)

- Permanently restricted net assets – Net assets subject to donor-imposed stipulation that they be maintained permanently or until all donor-imposed restrictions are met by the organization. Generally, the donors of these assets permitted organizations to use all or part of the income earned on related investments for general or specific purposes.

As of the date of the financial statements, all assets were unrestricted.

C. **Tax Status**

Income Taxes. The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and corresponding provisions of Ohio law and, accordingly, is not subject to federal income tax or state income tax.

D. **Depreciation**

The basis of depreciation is either cost or appraised value or estimated value of donated property. All depreciable assets are being depreciated under the straight-line method for both financial book and tax purposes. As all depreciable assets are buildings and building improvements, the lives of these assets and depreciation is 30 years (one-half year in year one and one-half year in year thirty one). This method is in accordance with generally accepted accounting principles. Depreciation charged to operations was \$102,447 and \$102,447 for the years ended December 31, 2007 and 2006 respectively.

E. **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. **Comparative Statements**

For the purposes of additional analysis, all of the financial statements presented have been presented have been presented with the audited prior fiscal year amounts (January 1, 2006 through December 31, 2006).

2. Fixed Assets

Although fixed assets were formerly capitalized at cost (or estimated historical cost), during 2002 fixed assets values were adjusted to reflect fair market value, due to a lack of supporting documentation for actual cost. Fixed asset information is updated for additions and retirements during the year. Donated fixed assets are recorded at their estimated or appraised value as of the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2007 and December 31, 2006**

2. Fixed Assets (Continued)

The Midwest Steel Building was sold to Mountaineer Metals, Inc. on May 17, 2006 for \$325,000 and the corporation received a down payment of \$50,000 and a note from Mountaineer Metals for \$275,000 secured by a first mortgage on the building and real estate. The term of this note is ten (10) years at a 5% interest rate with a monthly payment of \$2,916.80.

Although the net book value of this building is \$651,667, the out of pocket cost was zero (0) as the building was contributed to the corporation and a grant was used to renovate this building.

The Tupper Plains building was also sold to WeCan Fabricators, Inc. This sale is described in the Debt Section of Notes to the Financial Statements.

Rio Grande College Project – The Meigs Local School Board contributed 7.3534 acres of vacant land in the same area, as Meigs High School and Meigs Middle School are located at County Road 25, Pomeroy Pike. The new building location for Rio Grande College will be a part of the Meigs High School and Meigs Middle School Campus and allow qualified high school students to attend Rio Grande College for college credit while in high school. Cheryl L. Lemley, Licensed Residential Appraiser, appraised this real estate at \$657,000 which is the amount this fixed asset is reflected on the Statement of Financial Position. In addition, Meigs County CIC received a grant for \$150,000 from Governor's Office of Appalachia, State of Ohio, Department of Development and a grant for \$250,000 from the United States Department of Agriculture, Rural Housing Service is reflected in the cash balance (\$50) accounts receivable grants of (\$250,000) and land and building Rio Grande (\$1,542,491).

On October 12, 2007, CIC purchased land of approximately 1.1 acres on East Main Street, Pomeroy, Ohio 45769, with approximately 223 feet of frontage on the Ohio River from the Village of Pomeroy for \$70,000. There is a deed restriction that CIC or successor owners may not construct any permanent building or fixtures on the real estate that may prevent suitable and appropriate parking of vehicles during athletic and school related activities.

Currently a Foundation has been formed to build a new athletic facility. If this is successful, this restriction would be lifted and a permanent building or fixture could be built.

Depreciation of buildings are computed using the straight-lined method over an estimated useful life of thirty (30) years.

3. Industrial Park

The property consists of raw land and development costs expended to date on the industrial park and sewer project on State Route 7 in Tupper Plains, Meigs County, Ohio.

4. Cash and Cash Equivalents

The Corporation as of December 31, 2007, has the following deposits with local financial institutions.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2007 and December 31, 2006

4. Cash and Cash Equivalents (Continued)

	BALANCES @ 12/31/2006	
	Reconciled	Statement
Farmers B&S – Checking Regular	\$ 66,617	\$ 74,564
Farmers B&S – Checking Midwest	\$ 4,204	\$ 4,204
Farmers B&S – Checking Rio Grande	\$ 49,288	\$ 49,288
Farmers B&S - Savings	\$ 9,780	\$ 9,780
Farmers B&S - CD	\$ 100,000	\$ 100,000
Home National Bank - CD	\$ 75,000	\$ 75,000
Total	\$ 304,889	\$ 312,836

	BALANCES @ 12/31/2007	
	Reconciled	Statement
Farmers B&S – Checking Regular	\$ 40,918	\$ 50,948
Farmers B&S – Checking Midwest	\$ 0	\$ 4,204
Farmers B&S – Checking Rio Grande	\$ 50	\$ 49,288
Farmers B&S - Savings	\$ 0	\$ 9,780
Farmers B&S - CD	\$ 46,803	\$ 100,000
Home National Bank - CD	\$ 50,000	\$ 75,000
Total	\$ 137,771	\$ 304,889

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation up to \$100,000. Deposits in excess of \$100,000 are uninsured.

Certificates of Deposit: The Corporation also has two short term Certificates of Deposits in Farmers Bank and Saving Company in the amount of \$100,000 and one in Home National Bank in the amount of \$50,000.

Concentration of Credit Risk- The Corporation's cash is placed with institutions with high credit ratings. This policy limits the Corporation's exposure to credit risk. However, at various times throughout the year, the Corporation carried amounts in excess of federally insured limits with a local bank. All amounts deposited in Farmers Bank and Savings Co. in excess of the \$100,000 CD would be considered at risk.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2007 and December 31, 2006

5. Debt

The Corporation's debt outstanding at December 31, 2007 and 2006 was as follows

	12/31/07 Principal	12/31/06 Principal
Industrial Park Note	\$ 25,500	\$ 46,589
Millenium Building Note	\$ 439,378	\$ 480,461
Pamida Building Note	\$ 444,565	\$ 469,448
Spec Building Note	\$ 440,000	\$ 440,000
Land – Hospital	\$ 300,000	\$ 0
Rio Grande – Land & Building	\$ 530,582	\$ 0
Total	\$ 2,180,025	\$ 1,436,498

The Industrial Park note was issued by Farmers Bank & Savings and was approved to finance improvements at the Meigs County Industrial Park.

The Tupper Plains Building on the Meigs County Industrial Park was sold to We Can Fabricators, Inc. June 8, 2006 for \$375,000 and the outstanding note payable to Farmers Bank and Savings and Company in the amount of \$193,430 was paid at this time. This sale less the net book value of this property is reflected in the 12/31/06 Statement of Activities.

The Millenium Building note was issued by the Ohio Department of Development for the purpose of constructing a specific building on a site located on State Route 7, Pomeroy, Ohio which was to Millenium TeleCommunications, Inc. The note is interest-free for years 1 (one) through 4 (four).

Millenium Corporation did not renew their lease which expired October 31, 2007 and this facility is for sale or for lease as of June 30, 2008. (See Footnote 6. Operating Lease)

The Pamida Building Note was issued by Farmers Bank & Savings and was approved to finance the purchase of property at 41300 Laurel Cliff Road, Pomeroy, Ohio, which was leased to Buckley Brother, LLC

The Spec Building note was issued by the Ohio Department of Development for the purpose of constructing a specific building on a site located on State Route 7, Pomeroy, Ohio, which remain unoccupied at 12/31/07. The note is interest-free for years 1 (one) through 5 (five). (See Footnote 6. Operating Lease)

The debt noted above will be paid from operating lease income received from various entities. (See Footnote 6. Operating Lease)

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2007 and December 31, 2006**

The annual requirement to amortize debt outstanding as of December 31, 2006 including Interest, are as follows:

Year Ending 31-Dec	Industrial Park	Millenium Building	Pamida Building	Spec Building	Pomeroy Land	Total
2008	\$22,328		\$49,281			\$ 71,609
2009	\$4,670	\$59,551	\$49,281			\$113,502
2010		\$59,430	\$49,281	\$39,039		\$147,750
2011		\$59,305	\$49,281	\$51,968		\$160,554
2012-2016		\$334,126	\$246,407	\$258,288		\$838,821
2017-2020			\$198,663	\$166,366		\$365,029
Total	\$26,998	\$512,412	\$642,194	\$515,661		\$1,697,265

6. Operating Lease

The Corporation had operating leases in effect as of December 31, 2007 with various entities for rental of building space. The details of these operating leases are as follows:

- The University of Rio Grande leased a two-story building consisting of approximately 4,550 square feet, located at 150 Mill Street, Middleport, Ohio, for a period of 15 years commencing as of March 2, 1998 and ending on March 1, 2013 for \$600 per month.
- CDG Management, LLC leased a building consisting of approximately 10,000 square feet, located at 660 East Main Street, Pomeroy, Ohio, for a period of seven (7) years, commencing November 1, 2000 and ending on October 31, 2007 for \$8,333.33 per month.
- Millenium Corporation did not renew their lease which expired October 31, 2007 and this facility is for sale or for lease at June 30, 2008. Ohio Department of Development will allow Community Improvement Corporation to defer payment upon request each year for up to four (4) years when this property does not have a tenant.
- Buckley Brothers, LLC, leased a building and property located at 41300 Laurel Cliff Road, Pomeroy, Ohio, for a period of 5 (five) years, commencing on April 1, 2005 for \$2,979.17 per month and \$5,311.04 per month thereafter.
- Ohio Power Company leased the property located at 34844 State Route 7, Pomeroy, Ohio, for a period for three (3) years commencing as of November 1, 2006 and ending October 31, 2009 effective November 1, 2006, the lease payment increased from \$2,083.34 to \$2,291.67 per month.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2007 and December 31, 2006

6. Operating Lease (Continued)

- A Lease Purchase Agreement on the Speculative Building located at 49705 East Park Drive, Tupper's Plains, Ohio 45783 was entered into as of January 7, 2008 with American Security Resources Corporation, a Nevada Corporation, with offices at 9601 Katy Freeway, Suite 220, Houston, Texas 77024 for a term of fifteen years for monthly installments of \$7049.89. the first monthly payment shall be made February 1, 2009 and be made monthly on the same day each month thereafter. The CIC hereby grants to ASR an option to purchase the leased premises herein at anytime within the term of the Lease for the sum of \$800,000.

- CIC acting as agent for the Meigs County Commissioners on May 9, 2007 purchased 13.293 acres of real estate at Pomeroy Pike, Pomeroy, Ohio for a purchase price of \$500,000 from Jay Hall, Jr. A \$200,000 grant was received from the Ohio Department of Development toward this purchase price; the remainder was financed by Farmers Bank and Savings. The Meigs County Commissioners plan to build a Meigs County Medical Facility on this property at a future date. An appraisal dated January 3, 2007 was performed by Cheryl Lemley, Licensed Residential Appraiser and estimated the market value of this real estate to be \$1,077,000.

Revenue from operating leases was recorded at \$252,882 for 2006 and \$188,706 for 2007.

7. Advertising and Marketing

The Corporation's policy is to currently expense all advertising and marketing costs as incurred as the benefit is directly related to current periods with minimal future benefit. This is a function of accounting in accordance with generally accepted accounting principles.

8. Contingencies

Concentration of Funding Sources – Grants and Donations.

The Corporation is funded through grants; lease revenue; and donations from individuals, businesses, and governmental agencies. The support is contingent upon the continued availability of federal, state, and local funds; renewal of lease agreements; and the continued support of the community.

9. Pension Plan

As of the date of the financial statement, the Corporation had no Pension Plan for its staff.

10. Measure of Operations

In its statements of activities and cash flows, the Corporation includes in its definition of operations all revenues and expenses that are an integral part of its service, programming, and supporting activities. Contributions, investment revenue, and net fund-raising revenue are itemized as operating receipts on the statement of cash flows, yet considered non-operating for purposes of analysis of revenue and expenses on the statement of financial activities.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2007 and December 31, 2006**

11. Contract Contingencies

Under the terms of grant agreements, periodic audits are required and certain reimbursements or awards may be questioned as inappropriate. Such audits could lead to reimbursement to provider agencies. Management believes disallowances, if any, will be immaterial.

12. Middleport Development Group

The Executive Director and Administrative Assistant, in the interest of development, has acted as agent for the Middleport Development Group on a no-fee basis. All assets, liabilities, revenues and expenses are appropriate to them and are not included in these statements.

13. In Kind

The Meigs County Board of Commissioners pays the salary and related fringe benefits for an Economic Director and Administrative Assistant.

The Board also pays the rent on the property located at 238 West Main Street, Pomeroy, Ohio, occupied by the corporation which includes utilities.

The Board also pays the telephone and long distance expenses for the Corporation.

Based on the Economic Director and Administrative Assistant's, estimated time devoted to the Corporation in-kind revenue and expenses allocated to the Corporation is \$47,775 for 2006 and \$33,326 for 2007.

14. Federal Awards

The United States Department of Agriculture requires an OMB Circular A-133 audit since they have guaranteed a note with original principal of \$1,758,565 dated August 10, 2007 from Farmers Bank and Savings Company, Pomeroy Office, 112 West Second Street, Pomeroy, Ohio 45769. Balance payable December 31, 2007 is \$502,915. Actual work completed by the contractor and approved by USDA at December 31, 2007 was \$803,832; therefore, the total note to Farmers Bank and Savings would have been \$803,832, although only \$502,915 was disbursed by the bank at December 31, 2007. Normally a schedule of expenditures of federal awards would be presented for the purposes of additional analysis, as required of the United States Office of Budget and Management Circular A-133, Audits of State, Local Governments and Non-Profit Organizations. No such schedule has been presented as no actual federal monies have been received or expended by the corporation. Federal assistance for the entity is related to the above loan guarantees.

Due to a misunderstanding an OMB Circular A-133 audit was not secured for December 31, 2007 and December 31, 2006. Community Improvement Corporation, Meigs County, takes full responsibility for this misunderstanding.

COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007

FEDERAL GRANTOR/ Pass Through Grantor/ Program Title	<u>Project Number</u>	Federal CFDA Number	<u>Disbursements</u>
<i>Direct from Federal Government:</i> U.S. Department of Agriculture			
Community Facilities Loans and Grants	41-053-280808367	10.766	<u>\$803,832</u>
Total U.S. Department of Agriculture			<u>803,832</u>
Total Federal Awards Expenditures			<u>\$803,832</u>

The Notes to the Federal Awards Expenditures Schedule is an integral part of the Schedule.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FEDERAL AWARDS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Community Improvement Corporation's (the Corporation's) federal award programs disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B – LOAN GUARANTEE PROGRAM

The Corporation was approved for a loan guarantee of 90% of the initial loan amount of \$1,758,565, with the guaranteed amount equal to \$1,582,708. The amount reflected as disbursements on the Schedule are the qualifying disbursements from the loan paid in cash during 2007. It was not practical to determine the guarantee amount from each transaction paid.



JAMES G. MOURNING

Certified Public Accountant
600 Grant Street
Middleport, Ohio 45760-1214

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Fax (740)742-2414

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

Community Improvement Corporation Meigs County
238 West Main Street
Pomeroy, Ohio 45769

To the Board of Trustees:

I have audited the financial statements of the Community Improvement Corporation, Meigs County, Ohio (the Corporation), as of and for the years ended December 31, 2007 and 2006, and have issued my report thereon dated June 30, 2008 and June 15, 2013. I conducted my 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 my audit, I considered the Corporation's internal control over financial reporting as a basis for designing my audit procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, I 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.

My 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. I did not identify any deficiencies in internal control over financial reporting that I consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, I 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 my audit and accordingly, I do not express an opinion. The results of my tests disclosed no instances of noncompliance or other matters I must report under *Government Auditing Standards*.

I intend this report solely for the information and use of management, the Board of Trustees, and federal awarding agencies and pass-through entities, and others within the Corporation. I intend it for no one other than these specified parties.

James G. Mourning
Certified Public Accountant
Middleport, Ohio 45760-1214
June 30, 2008
June 15, 2013



JAMES G. MOURNING

Certified Public Accountant
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INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Community Improvement Corporation Meigs County
238 West Main Street
Pomeroy, Ohio 45769

To the Board of Trustees:

I have audited the financial statements of the Community Improvement Corporation, Meigs County, Ohio (the Corporation), as of and for the years ended December 31, 2007 and 2006, and have issued my report thereon dated October 20, 2009 and June 15, 2013. I conducted my 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 my audit, I considered the Corporation's internal control over financial reporting as a basis for designing my audit procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, I 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.

My 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. I did not identify any deficiencies in internal control over financial reporting that I consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, I 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 my audit and accordingly, I do not express an opinion. The results of my tests disclosed no instances of noncompliance or other matters I must report under *Government Auditing Standards*.

I intend this report solely for the information and use of management, the Board of Trustees, and federal awarding agencies and pass-through entities, and others within the Corporation. I intend it for no one other than these specified parties.

James G. Mourning
Certified Public Accountant
Middleport, Ohio 45760-1214
October 20, 2009
June 15, 2013

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

The Corporation's response to the finding I identified is described in the accompanying Schedule of Findings. I did not audit the Corporation's response and, accordingly, I express no opinion on it.

I intend this report solely for the information and use of the management, Board of Trustees, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



James G. Mourning
Certified Public Accountant
Middleport, Ohio 45760-1214

June 15, 2013

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**SCHEDULE OF FINDINGS OMB CIRCULAR A-133 § .505
DECEMBER 31, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Facilities Loans and Grants – CFDA #10.766
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**SCHEDULE OF FINDINGS OMB CIRCULAR A-133 § .505
DECEMBER 31, 2007
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2007-01
CFDA Title and Number	CFDA #10.766
Federal Award Number / Year	Community Facilities Loans and Grants
Federal Agency	United States Department of Agriculture
Pass-Through Agency	N/A

Noncompliance Citation

OMB Circular Number A-133, Subpart C, §_.300(a) requires the auditee to identify in its accounts, all Federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

Furthermore, OMB Circular Number A-133, Subpart B §_.200(a) requires that non-federal entities that expend \$500,000 or more in a year in Federal awards shall have a single or program-specific audit conducted annually. Subpart C, §_.300(e) also requires the auditee to ensure that the audits required by this part are properly performed and submitted when due (within nine months of the year end).

A federal single audit was performed for the year ended December 31, 2007 but the completion of the audit did not meet the single audit deadline of September 30, 2008.

I recommend the Corporation submit the annual financial report to the Single Audit Clearinghouse within nine months of the fiscal year end.

Official's Response and Corrective Action Plan - None

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Dave Yost • Auditor of State

MEIGS COUNTY COMMUNITY IMPROVEMENT CORPORATION

MEIGS 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 19, 2013**