



Dave Yost • Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY
DECEMBER 31, 2016 AND 2015**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Basic Financial Statements:	
Statement of Financial Position – December 31, 2016.....	3
Statement of Activities and Changes in Net Position – For the Period Ended December 31, 2016	5
Statement of Cash Flows - For the Period Ended December 31, 2016.....	6
Notes to the Financial Statements – For the Year Ended December 31, 2016.....	9
Statement of Financial Position – December 31, 2015.....	19
Statement of Activities and Changes in Net Position – For the Period Ended December 31, 2015	21
Statement of Cash Flows - For the Period Ended December 31, 2015.....	22
Notes to the Financial Statements – For the Year Ended December 31, 2015.....	25
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	35
Schedule of Findings.....	37
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	38

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We 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, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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 such 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 overall financial statement presentation.

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

Opinion

In our 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, 2016 and 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2017, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

December 18, 2017

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY
STATEMENT OF FINANCIAL POSITION
December 31, 2016**

UNRESTRICTED ASSETS

Current Assets

Cash and Cash Equivalents (see Note 5)

FARMERS BANK - REG CHECKING	\$	351,877
FARMERS BANK - ESCROW		4,167
FARMERS BANK - REVOLVING LOAN		361
FARMERS BANK - CD		54,398
HOME NATIONAL BANK		52,197
FARMERS BANK, COMP GRANT ACCT		36
REV LOAN CURRENT PORTION		<u>29,978</u>

Total Current Assets \$ 493,014

Non-Current Assets

REV LOAN N/R JACK	10,000
REV LOAN N/R WS	282
REV LOAN N/R FCT	17,667
REVOLVING LOAN - WME	15,340
REVOLVING LOAN - JBS	30,587
NOTES RECEIVABLE - HST	16,749
NOTES RECEIVABLE - RC	30,000
NOTES RECEIVABLE - PFS	9,800
REV LOAN CURRENT PORTION	<u>(29,978)</u>

Total Non-Current Assets 100,447

Fixed Assets

INDUSTRIAL PARK- COLE PROPERTY	40,000
LAND - INDUST PARK 26.97 ACRES	110,945
LAND SPEC I 10 ACRES	41,136
LAND SPEC II 6.906 ACRES	28,408
LAND SPEC III 4.743	19,511
IMPROVEMENTS - INDUSTRIAL PARK	524,530
BUILDING - STATE GARAGE - AEP	443,420
AEP SEPTIC SYS MAJ REPAIR	20,200
LAND - POMEROY JR HIGH	74,900
REM RAM BUILDING	1,100,600
SPEC II BUILDING	1,331,241
LAND - NEW RIO GRANDE	657,000
BUILDING - NEW RIO GRANDE	2,579,295
SEWER - RIO GRANDE	71,152
LAND - MONKEY RUN - POMEROY	190,600
WIP HOLZER ER BUILDING	5,996,596
LAND HEALTH CAMPUS	391,082
SPEC 3 - WIP	1,341,584
ACCUMULATED DEPRECIATION	<u>(2,050,919)</u>

Total Fixed Assets 12,911,281

Total Non Current Assets 13,011,728

Total Unrestricted Assets \$ 13,504,742
(Continued)

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY
STATEMENT OF FINANCIAL POSITION
December 31, 2016**

LIABILITIES AND UNRESTRICTED NET POSITION

Current Liabilities		
UNEARNED INCOME - ODOD II	\$	3,242
INTEREST PAYABLE		17,583
CURRENT PORTION LTD		<u>338,060</u>
Total Current Liabilities		\$ 358,885
Long Term Liabilities		
NOTES PAYABLE - ODOD II		449,476
NOTE PAYABLE - FB - RIO GRANDE		670,123
NOTE PAYABLE -HNB- RIO GRANDE		345,215
NOTES PAYABLE – ODOD		191,950
NOTES PAYABLE - FB - RG SEWER		41,293
BOND PAYABLE - OVB - HOLZER ER		5,307,738
NOTE PAYABLE - FB- SPEC II		69,259
NOTE PAYABLE - CIP - SPEC III		1,318,707
CURRENT PORTION LTD		<u>(338,060)</u>
Total Long Term Liabilities		8,055,701
Unrestricted Net Position		
Unrestricted Net Position-Prior		5,107,554
Unrestricted Net Position -Current Income (Loss)		<u>(17,398)</u>
Total Unrestricted Net Position		<u>5,090,156</u>
Total Liabilities & Unrestricted Net Position		\$ <u>13,504,742</u>

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For the Period Ended December 31, 2016**

		12 Months Ended <u>Dec. 31, 2016</u>
Operating Revenues:		
Increase In Unrestricted Net Assets		
CIC DUES	\$	1,300
LEASE REVENUE		815,656
INTEREST & LOAN FEE REVENUES		1,316
HOLZER GRANT FOR OPERATING EXP		<u>75,000</u>
Total Operating Revenues:		893,272
Operating Expenses		
Decrease in Unrestricted Net Assets		
ADVERTISING AND MARKETING		4,813
BANK FEES		74
PROFESSIONAL SERVICES		12,000
DEPRECIATION		401,831
DUES AND MEMBERSHIPS		135
PROPERTY AND OTHER INSURANCE		8,182
INTEREST EXPENSE		311,707
LEGAL AND PROFESSIONAL		16,663
CONNECT OHIO EXPENSE		39,008
MEETING EXPENSE		3,763
OFFICE EXPENSE		244
POSTAGE		82
JANATORIAL FEES		974
MOWING/SNOW/CONTRACT		5,280
SUPPLIES		437
REAL ESTATE TAXES		10,271
MILAGE REIMBURSEMENT		72
UTILITIES		1,384
PR & OCCUPANCY PD TO COUNTY		<u>93,750</u>
Total Operating Expenses		<u>910,670</u>
Net Increase (Decrease) in Net Position	\$	<u><u>(17,398)</u></u>

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY
STATEMENT OF CASH FLOWS
For the Period Ended December 31, 2016**

INCREASE (DECREASE) IN CASH OR CASH EQUIVALENTS

Cash Flow from Operating Activities		
Net Income (Loss)		\$ (17,398)
Adjustments to Reconcile Cash Flow		
Depreciation	401,831	
Decrease (Increase) in Current Assets		
REV LOAN CURRENT PORTION	13,292	
GRANT REC ODOD DIGITAL WORKS	39,008	
REV LOAN PAST DUE AMT	1,672	
Increase (Decrease) in Current Liabilities		
INTEREST PAYABLE	(1,217)	
UNEARNED REVENUE - AEP GRANT	(7,500)	
ACCOUNTS PAYABLE	(2,135)	
CURRENT PORTION LTD	<u>41,807</u>	
Total Adjustments		<u>486,758</u>
Cash Provided (Used) by Operations		469,360
Cash Flow From Investing Activities		
Sales (Purchases) of Assets		
REV LOAN N/R JACK	(10,000)	
REV LOAN N/R SVC	7,872	
REV LOAN N/R OVA	10,100	
REV LOAN N/R MCD	5,904	
REV LOAN N/R SGHD	2,106	
REV LOAN N/R WS	3,364	
REV LOAN N/R FCT	(6,849)	
REVOLVING LOAN – WME	1,326	
REVOLVING LOAN – JBS	6,775	
NOTES RECEIVABLE – HST	(16,749)	
NOTES RECEIVABLE – RC	(30,000)	
NOTES RECEIVABLE – PFS	(9,800)	
REV LOAN CURRENT PORTION	(13,292)	
INDUSTRIAL PARK- COLE PROPERTY	(40,000)	
LAND - INDUST PARK 26.97 ACRES	129,054	
LAND SPEC I 10 ACRES	(41,136)	
LAND SPEC II 6.906 ACRES	(28,408)	
LAND SPEC III 4.743	(19,511)	
AEP SEPTIC SYS MAJ REPAIR	(20,200)	
SPEC 3 – WIP	<u>(1,324,618)</u>	
Cash Provided (Used) by Investing		(1,394,062)
		(Continued)

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY
STATEMENT OF CASH FLOWS
For the Period Ended December 31, 2016**

INCREASE (DECREASE) IN CASH OR CASH EQUIVALENTS

Cash Flow From Financing Activities

Cash (Used) or provided by:

NOTES PAYABLE - ODOD II	(21,064)
NOTE PAYABLE - FB - RIO GRANDE	(78,207)
NOTE PAYABLE -HNB- RIO GRANDE	(40,289)
NOTES PAYABLE – ODOD	(44,499)
NOTES PAYABLE - FB - RG SEWER	(4,704)
BOND PAYABLE - OVB - HOLZER ER	(109,651)
NOTE PAYABLE - FB- SPEC II	(10,590)
NOTE PAYABLE - CIP - SPEC III	1,318,707
CURRENT PORTION LTD	<u>(41,807)</u>

Cash Provided (Used) by Financing	<u>967,896</u>
Net Increase (Decrease) in Cash	43,194
Cash at Beginning of Period	<u>419,842</u>
Cash at End of Period	\$ <u>463,036</u>

This Page Intentionally Left Blank.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

1. Description of Entity

The Community Improvement Corporation, Meigs County, Ohio (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.

2. Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements of the Corporation are maintained and have been presented on an accrual basis of accounting, consequently, revenues are recognized when earned and expenses are recognized when incurred. This is in accordance with the requirements of the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standard No. 117, Financial Statements for Not-for-Profit Organizations. Under FASB Statement No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets.

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.

B. 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.

C. Cash and Cash Equivalents.

Cash and cash equivalents (see Note 5) 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 Corporation is not exposed to any significant risk on cash and cash equivalents.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

D. Classification of New Assets

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.
- **Permanently restricted net assets** – Permanently restricted net assets are those that may never be spent. Such net assets could include certain museum collection objects, which, by donor stipulation, may never be deaccessioned; or undeveloped land, which is subject to a perpetual conservation easement prohibiting future commercial use. 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 December 31, 2016, all funds in the Farmers Bank Computers for Students account, currently totaling \$36, is restricted to that program and requires signatures from both Paul Reed and Iva Sisson to disperse.

E. Bad Debts.

It is the policy of the Corporation to write off bad debts incurred through its operations in the period in which the default occurred or its existence became known. Management does not believe, as of December 31, 2016, that any such default on its receivables are likely to occur: therefore, no estimate has been presented for any such uncollectible amounts.

F. 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 \$401,831 for the year ended December 31, 2016 respectively.

G. Federal Income Tax

No provisions are made for federal income tax and city income tax because the Corporation is tax exempt under Section 501(c) 3 of the Internal Revenue Code. Accordingly, no provision for federal income tax is required. The Corporation has not entered into any transactions, which would subject it to unrelated business income tax. The Federal Return of Organizations Exempt from Income Tax for the Corporation is no longer subject to examination for the years ending prior to and including 2009. In the normal course of business, however the Corporation is subject to examination by various other taxing authorities. Although the outcome of such examination is always uncertain, management believes there are no significant unrecognized tax liabilities as of December 31, 2016.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

H. 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

3. 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.

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 which 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 and an Ohio Capital Budget Grant in the amount of \$200,000 for the Rio Grande Building. Amounts reflected in the balance sheet are land and building Rio Grande (\$3,236,295) for 12/31/2016 and Sewer-Rio Grande (\$71,152).

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, improvements of \$4,900 have been made subsequently. 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.

The Corporation and the Ohio Department of Development entered into an agreement on May 16, 2011 that allowed the Corporation to borrow \$1,250,000 to invest in the construction of a 30,000 square foot facility to be located at 49728 East Park Drive (East Meigs Industrial Park) township of Orange, Meigs County, Ohio. The terms and conditions of the financing with the Ohio Department of Development consists of a \$500,000 grant from ODOD, a \$250,000 GOA grant, and \$500,000 that will be a loan interest free for five (5) years or until this facility is sold or leased. If leased, the \$500,000 loan will be repaid at a three percent (3%) interest rate for fifteen (15) years. On February 16, 2012, the contractor, Rick McCarty, signed a contract to construct this facility for \$987,683. The remaining \$260,173 in facility cost was used for engineering, permits, electrical and other associated costs of constructing this facility. This facility was then leased to Davis Pickering Company, 165 Enterprise Drive, Marietta, Ohio 45750 in December of 2013. In February 2014, the Corporation received an additional loan from Farmers Bank in the amount of \$83,384 in order to finance a fire suppression system. The lease payments were adjusted from \$8,750 to \$9,414 a month to compensate for the fire suppression system and bank financing payments. The terms of the lease purchase agreement are \$1,000,000 financed over 15 years at an interest rate of 4.75%.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

Holzer Health Systems purchased the land known as Hospital Property – Pomeroy in the amount of \$391,082 for the construction of a free standing emergency department that is approximately thirteen thousand (13,000) square feet. The cost of the project is \$5,996,596.07 for the construction of the building of which the Corporation financed by obtaining two grants and a loan. The loan was from the Ohio Valley Bank. for \$5,500,000. The first grant was from ODOD in the amount of \$250,000 and went toward the construction of the building. The second was an ARC grant for \$250,000 and was awarded for the purchase of equipment for the ER. \$225,000 of the grant was paid out in 2014. The remaining \$25,000 was paid out after completion of the project. Financing for the project consists of Industrial Revenue Bonds which have been purchased by Ohio Valley Bank, 420 3rd Avenue, Gallipolis, Ohio 4563, in the amount of \$5,500,000 for a fixed 30-year term at 4% tax exempt. All funds have been drawn down from the loan with OVB. The project received their occupancy permit October 31, 2014.

Spec III Building – On July 5, 2016, CIC entered into a contract with Farmers Bank for \$1,360,000 to finance the construction of their third speculative building. Eleven monthly interest only payments based upon only monies used as of that date, will begin August 5, 2016 with the entire loan becoming a mortgage in July 2017, at which time interest rate and terms for the loan will be set. Kinsale Corporation was selected for the construction of this project based up on their bid that was submitted February 24, 2016 totaling \$1,328,000. The project was completed and their occupancy permit granted on December 31, 2017. The building was ready to receive a tenant as of February 1, 2017, but as of yet, none have been selected. Amounts reflected on the balance sheet of \$1,250,873 are not all inclusive, as some costs did carry forward into 2017. The remaining funds were drawn from the loan from Farmers Bank with any additional costs to be paid from the CIC General Fund.

Depreciation of buildings is computed using the straight-lined method over an estimated useful life of thirty (30) years for buildings acquired before 2015 and thirty-nine (39) years for buildings acquired in 2015 and after.

The Corporation maintains no personal property assets; therefore, there is no threshold for personal property assets.

4. Industrial Park

The property consists of land that was purchased in the 90's for the development of an industrial park and sewer project on State Route 7 in Tupper's Plains, Meigs County, Ohio. Since this purchase, further development includes a building for WeCan Fabricators, RemRam (Spec I), Dollar General, a car wash, Davis Pickering (Spec II), and a current Spec III project. The Industrial Park was purchased on Land in Tupper's Plains for \$240,000 with \$524,530 in subsequent capital improvements. Amounts reflected on the balance sheet allocate the cost of land to its corresponding project.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

5. Cash and Cash Equivalents

The Corporation as of December 31, 2016, had the following deposits with local financial institutions.

	BALANCES @ 12/31/2016	
	Reconciled	Statement
Farmers B&S - Checking Regular	\$ 351,877	\$ 353,562
Farmers B&S - Revolving Account	\$ 361	\$ 361
Farmers B&S - Checking Spec III	\$ 0	\$ 90,711
Farmers B&S - Computers for Students	\$ 36	\$ 36
Farmers B&S – ODOD II Escrow	\$ 4,167	\$ 4,167
Home National Bank - Savings	\$ 52,197	\$ 52,197
Farmers B&S - CD	<u>\$ 54,398</u>	<u>\$ 54,398</u>
Total	<u>\$ 463,036</u>	<u>\$ 555,432</u>

Certificates of Deposit: The Corporation also has one short term Certificates of Deposit being held at Farmers B&S with an initial investment amount of \$50,000 that has earned a total of \$4,398 in interest that has been rolled into the balance giving it a total ending balance as of 12/31/2016 of \$54,398. As of the dates of the financial statements, all of the Corporation's deposits are fully collateralized by the Federal Deposit Insurance Corporation, under the terms of Section 343 of the Dodd – Frank Wall Street Reform and Consumer Protection Act.

Computer for Students: This program was established to provide computers for school work to underprivileged students in Meigs county. Iva Sisson began raising funds for this program and approached Paul Reed, CEO of Farmers Bank and President of CIC, for aid with her project. She was able to obtain donations of outdated equipment from computer companies if they were donated to a nonprofit organization. All funds in this account are restricted to this program only and require the signature of both Iva Sisson and Paul Reed.

Revolving Account: The Farmers Bank and Savings revolving account is made up of payments received from various loans given to local businesses. CIC collected a total \$62,225 in 2016.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

6. Debt

The Corporation's debt outstanding at December 31, 2016 was as follows

	12/31/16 Principal	Interest Rate
Holzer Building	\$ 5,307,738	4.00%
ODOD II	\$ 449,476	3.00%
Spec Building Loan	\$ 191,950	3.00%
Spec Building II Loan	\$ 69,258	5.27%
Spec Building III Loan	\$ 1,318,707	
Sewer – Rio Grande	\$ 41,293	6.75%
Rio Grande – Land & Building	<u>\$ 1,015,337</u>	6.25%
Total	<u>\$ 8,393,759</u>	

The Holzer Building industrial development revenue bonds were issued on May 30, 2013 for \$5,500,000. The bonds will mature on May 29, 2043 and are for the acquisition, new construction, equipping, and installation of the Holzer Emergency facility located on Pomeroy Pike in Meigs County, Ohio.

The 2011 Rural Industrial Park Loan through the Ohio Department of Development (ODOD II loan) was authorized for \$500,000 and is for the purpose of constructing a new 35,000 square foot commercial/industrial building located in Orange Township, Meigs County, Ohio. Payments for this loan were in abeyance for six months from July 2016 to February 2017 due to financial difficulties experienced by the tenant. All interest accrued was paid in full. On March 10, 2017 Davis and Pickering purchased the Spec II building and paid off the ODOD II loan in the amount of \$454,721.

The 2010 Spec Building note through the Ohio Department of Development was authorized for \$440,000. The note will mature in March 2019 and was for the purpose of constructing a commercial/industrial building on a site located on State Route 7, Pomeroy, Ohio.

The 2014 Spec Building II note through the Farmers Bank and Savings Company was authorized for \$83,384. Payments of interest only are due through February 2015. Thereafter, principal and interest payments of \$943.93 will be due monthly through June 2024. On March 10, 2017, Davis and Pickering purchased the Spec II building paying off this loan in the amount of 67,382.

The 2008 Sewer - Rio Grande note through Farmers Bank and Savings Company was issued for \$71,151.55. The note will mature in August 2023 and was for the construction and installation of the sewer system at the Rio Grande Building site.

The Rio Grande Building and Land note was issued on August 10, 2007 for \$1,758,565. The note will mature on August 10, 2023 and was for the acquisition and construction of a new building location for the University of Rio Grande. Upon maturity, the title to the facility will be transferred to the University of Rio Grande.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

The annual requirements to amortize debt outstanding as of December 31, 2016 including Interest are as follows:

Year Ending 31-Dec	Holzer ER	ODOD II	Spec Bldg Note	Spec II Bldg Note
2017	327,892	49,956	50,984	11,356
2018	327,892	49,956	50,984	11,356
2019	327,892	49,956	122,661	11,356
2020	327,892	49,956	0	11,356
2021	327,892	49,956	0	11,356
2022-2026	1,639,458	249,781	0	26,870
2027-2031	1,639,458	24,977	0	0
2032-2036	1,639,458	0	0	0
2037-2041	1,639,458	0	0	0
2042-2043	454,513	0	0	0
Total	\$8,661,805	\$524,538	\$224,629	\$83,650

Year Ending 31-Dec	Rio Grande Sewer	Rio Grande Land and Building	Total
2017	7,739	187,133	635,060
2018	7,739	187,133	635,060
2019	7,739	187,133	706,737
2020	7,739	187,133	584,076
2021	7,739	187,133	584,076
2021-2025	12,880	302,426	2,231,415
2026-2030	0	0	1,664,435
2031-2035	0	0	1,639,438
2036-2040	0	0	1,639,458
2041-2043	0	0	464,513
Total	\$51,575	\$1,238,091	\$10,784,288

Davis and Pickering purchased the Spec II building on March 10, 2017. CIC used the funds to pay off the two corresponding loans, the ODOD II and Spec II Building noted above.

The Spec III building note is a construction in progress loan that is interest only payments at 2.75% based on the withdrawn amounts. Total amounts available for withdraw is \$1,360,000. The construction in progress loan will be converted into a mortgage in 2018, at which time the specific terms will be determined.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

7. Operating Leases

The Corporation had operating leases in effect as of December 31, 2016 with various entities for rental of building space. The details of these operating leases are as follows:

- Lease of New Spec Building at 49705 East Park Drive, Tupper's Plains, Ohio 45783 – An agreement was made and concluded between Meigs County CIC and Rem Ram Recovery, LLC, an Ohio Limited Liability Company of Reedsville, Ohio, hereafter called "Rem Ram". Rem Ram shall commence payments on September 1, 2010. Rem Ram shall then pay for the remaining fifteen (15) years of the term annual payments in the amount of \$84,598.68 payable in advance in equal monthly installments of \$7,049.89 at the office of the Meigs County CIC. The Meigs County CIC hereby grants to Rem Ram an option to purchase the leased premises herein at any time during the term of this lease for the sum of Eight Hundred Thousand (\$800,000) dollars less the amount of principle that has been paid using an annual interest rate of 6.68% amortized over the fifteen (15) years term of the lease.
- The new University of Rio Grande building located at County Road 25, Pomeroy Pike, Pomeroy, Ohio 45769 was completed and occupied in the third quarter of 2008. This facility is leased to Rio Grande University from September 2, 2008 to June 30, 2023 for \$18,000 per month. This facility will be paid off at this time and title will be transferred to the University of Rio Grande. This facility is financed through Farmers Bank and Savings (Notes payable at 12/31/2008 of \$1,147,607 and \$71,152 at 6¼ and 6¾ interest respectively final payment is June 2023 to coincide with the Lease Agreement) and Home National Bank, Racine, Ohio 45771 (Note payable at 12/31/2008 of \$591,301 at 6¼ interest) final payment is June 2023 to coincide with the Lease Agreement). Effective October 1, 2012 the building interest was reduced to 6 ½ percent. Notes payable at 12/31/2016 to Farmers Bank and Savings are \$670,122 and Home National Bank are \$345,215. A combined monthly payment of \$15,594.40 is remitted to Farmers Bank and Savings, who then forwards \$5,302.09 of that payment to Home National Bank.
- The second speculative building is described in Footnote 3 and is leased to Davis Pickering Company, DPC, 165 Enterprise Drive, Marietta, Ohio 45750 effective January 1, 2014. DPC shall make no payments during the initial twelve (12) months of the lease term. DPC annual payments in the amount of \$112,968 payable in advance in equal installments of \$9,414 shall be made on January 1, 2015 and be made monthly on the same day of each month thereafter. The initial lease shall be from lease years 2-6. DPC is given the option to renew the agreement for one (1) period of five (5) years at an increased lease payment of ten (10%) percent during the renewal period. DPC shall not assign or sublet the leased premises without the written consent of the Corporation. DPC exercised their purchase option on March 10, 2017 for the amount of \$522,102.42.
- The Holzer ER Building described in Footnote 3 is currently being rented to the Holzer Health Care Systems for \$28,000 a month beginning in 2015 with an open purchase option with terms to be determined if the purchase option is exercised.

Revenue from operating leases were recorded at \$815,656 for 2016 down from the amount received in 2015 of \$832,885 due in part to the approval of a temporary lease payment reduction consisting of interest only payments received from Davis & Pickering Company beginning in July 2016 to accommodate cash flow restraints. Davis & Pickering has since exercised their lease option and purchased the building.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

8. Subsequent Events

The Corporation evaluates events and transactions subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through the date of this report. The Corporation has completed the construction stages of a Spec III building. An occupancy permit was obtained on December 31, 2016 and was ready for a tenant February 1, 2017, of which there currently is none. The project was financed through Farmers Bank for a construction loan that was approved for \$1,360,000. In June, 2017 the construction in progress loan was extended for another year with the intention of converting to a mortgage in 2018 with terms and rates set at that time. The entirety of the available funds was not drawn down in 2016 but some expenses did carry to 2017. Any expenses in excess of \$1,360,000 will be paid through CIC's general fund.

9. 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.

10. 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.

11. Pension Plan

As of the dates of the financial statements, the Corporation had no paid staff.

12. 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.

13. 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.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

14. In Kind Contributions

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, telephone and long distance expenses for the Corporation. In 2016, The Corporation contributed \$93,750 toward these expenses. The Economic Director and Administrative Assistant's, estimated time devoted to the Corporation is 50%, all of which was covered with this contribution resulting in no in-kind revenue or expenses allocated to the Corporation in 2016.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY
STATEMENT OF FINANCIAL POSITION
December 31, 2015**

Unrestricted Assets

Current Assets

Cash and Cash Equivalents (see Note 5)

Cash in Bank - General Checking - Farmers B&S	\$ 275,644
Cash in Bank - Checking Farmers B&S - ODOD II - Escrow	4,161
Cash in Bank - Checking Farmers B&S Revolving Loan	34,019
Cash - Farmers B&S – CD	53,873
Cash - Home National Bank – Savings	52,109
Cash in Bank - Farmers B&S - Computer Grant	36
Grants Receivable - ODOD Digital Works	39,008
Current Notes Receivable - Revolving Loans	43,270
Revolving Loan - Past Due Amount	<u>1,672</u>

Total Current Assets \$ 503,792

Non-Current Assets

Notes Receivable - Revolving Loan	94,473
Less: Notes Receivable - Revolving Loan - Current Portion	<u>(43,270)</u>

Total Non-Current Assets 51,203

Fixed Assets

Land - Industrial Park	240,000
Improvements - Industrial Park	524,530
Building - State Garage – AEP	443,420
Land - Pomeroy Jr. High	74,900
Building - Rem Ram	1,100,600
Building - Spec II	1,331,241
Land - Rio Grande	657,000
Building Rio Grande	2,579,295
Sewer - Rio Grande	71,152
Land - Monkey Run – Pomeroy	190,600
Land - Health Campus	391,082
Building - Holzer ER	5,996,596
CIP - Building - Spec III	16,966
Less: Accumulated Depreciation	<u>(1,649,088)</u>

Total Fixed Assets 11,968,294

Total Non Current Assets 12,019,497

Total Unrestricted Assets \$ 12,523,289
(Continued)

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY
STATEMENT OF FINANCIAL POSITION
December 31, 2015**

Liabilities and Unrestricted Net Position

Current Liabilities

Accounts Payable	\$ 2,135
Unearned Income - ODOD II	3,242
Unearned Income - AEP Grant	7,500
Interest Payable	18,801
Current Portion of Long Term Debt	<u>322,287</u>

Total Current Liabilities \$ 353,965

Long Term Liabilities

Notes Payable - ODOD II	470,540
Notes Payable - ODOD - Spec Building I	236,449
Notes Payable - Spec II Building	79,849
Notes Payable - Sewer - Rio Grande	45,997
Notes Payable - Rio Grande - Home National Bank	385,503
Notes Payable - Rio Grande - Farmers Bank	748,330
Bond Payable - Holzer Building	5,417,389
Less: Current Portion of Long Term Debt	<u>(322,287)</u>

Total Long Term Liabilities 7,061,770

Unrestricted Net Position

Unrestricted Net Position – Prior	5,096,600
Unrestricted Net Position – Current	<u>10,954</u>

Total Unrestricted Net Position 5,107,554

Total Liabilities and Unrestricted Net Position \$ 12,523,289

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For the Period Ended December 31, 2015**

		12 Months Ended Dec. 31, 2015
Operating Revenues:		
Increase in Unrestricted Net Assets		
CIC Dues	\$	1,750
Lease Revenue		832,885
Interest Revenue		1,946
Computer Revenue, IS		350
Other Operating Revenue		76,069
Total Operating Revenues:		913,000
Operating Expenses:		
Decrease in Unrestricted Net Assets		
Advertising and Marketing		1,514
Computer Expense, IS		2,901
Depreciation		399,291
Interest Expense		316,581
Janitorial Expense		785
Meeting Expense		3,167
Mileage Reimbursement		211
Mowing/Snow/Contract		5,480
Office Expense		429
Payroll and Occupancy Expense		75,000
Professional Fees		17,721
Property and Other Insurance		10,789
Real Estate Taxes		9,225
Repairs and Maintenance		2,027
Repairs and Maintenance - AEP Septic Service		15,525
Supplies		15
Utilities		393
Total Operating Expenses		861,054
Net Increase (Decrease) in Operating Expenses		51,946
Non-Operating Revenues (Expenses)		
Grant Expense - ODOD Connect Ohio		(40,992)
Total Non-Operating Revenues (Expenses)		(40,992)
Net Increase (Decrease) in Net Position	\$	10,954

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY
STATEMENT OF CASH FLOWS
For the Period Ended December 31, 2015**

INCREASE (DECREASE) IN CASH OR CASH EQUIVALENTS

Cash Flow from Operating Activities:		
Net Increase (Decrease) in Net Assets		\$ 51,946
Adjustments to Reconcile Cash Flow:		
Depreciation	399,291	
Decrease (Increase) in Current Assets		
Accounts Receivable - Real Estate Taxes	4,625	
Notes Receivable - Mountaineer Metals	33,369	
Revolving Loan Receivable	(13,811)	
Revolving Loans - Past Due Receivable	(270)	
Increase (Decrease) in Current Liabilities		
Accounts Payable	(155,392)	
Interest Payable	(767)	
Unearned Revenue - AEP Grant	7,500	
Note Payable - Rio Land & Building – Current	(111,429)	
Note Payable - FB - Rio Sewer	(4,423)	
Note Payable - ODOD	(72,646)	
Note Payable - Holzer Building	(82,611)	
Note Payable - Spec II Building	(4,135)	
Current Portion of Long Term Debt	<u>322,287</u>	
Total Adjustments		<u>321,588</u>
Cash Provided (Used) by Operations		373,534
Cash Flow From Investing Activities		
Notes Receivable - Revolving Loan	(80,662)	
Current Portion of Long Term Revolving Loan Receivable	82,990	
Current Portion of Long Term Notes Receivable	(33,369)	
Current Portion of Long Term Notes Receivable - Mountaineer Metals	47,826	
CIP Holzer Building ER	(114,157)	
CIP Spec III Building	(16,966)	
Land - Monkey Run – Pomeroy	(600)	
Cash Provided (Used) by Investing		(114,938)
		(Continued)

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY
STATEMENT OF CASH FLOWS
For the Period Ended December 31, 2015**

INCREASE (DECREASE) IN CASH OR CASH EQUIVALENTS

Cash Flow From Financing Activities

Note Payable - Rio Grande	(110,265)	
Note Payable - FB - Rio Grande Sewer	(4,485)	
Note Payable - Holzer ER	152,639	
Note Payable - ODOD	(43,186)	
Note Payable - ODOD II	(29,460)	
Note Payable - Spec II Building	(3,535)	
Current Portion of Long Term Debt	<u>(47,044)</u>	
Cash (Used) or provided by:		
 Cash Provided (Used) by Financing		 <u>(85,336)</u>
 Net Increase (Decrease) in Cash		 173,260
 Cash at Beginning of Period		 <u>246,582</u>
 Cash at End of Period		 \$ <u><u>419,842</u></u>

This Page Intentionally Left Blank.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

1. Description of Entity

The Community Improvement Corporation, Meigs County, Ohio (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.

2. Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements of the Corporation are maintained and have been presented on an accrual basis of accounting, consequently, revenues are recognized when earned and expenses are recognized when incurred. This is in accordance with the requirements of the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standard No. 117, Financial Statements for Not-for-Profit Organizations. Under FASB Statement No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets.

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.

B. 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.

C. Cash and Cash Equivalents.

Cash and cash equivalents (see Note 5) 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 Corporation is not exposed to any significant risk on cash and cash equivalents.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

D. Classification of New Assets

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.
- **Permanently restricted net assets** – Permanently restricted net assets are those that may never be spent. Such net assets could include certain museum collection objects, which, by donor stipulation, may never be deaccessioned; or undeveloped land, which is subject to a perpetual conservation easement prohibiting future commercial use. 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 December 31, 2015, all funds in the Farmers Bank Computers for Students account, currently totaling \$36, is restricted to that program and requires signatures from both Paul Reed and Iva Sisson to disperse.

E. Bad Debts.

It is the policy of the Corporation to write off bad debts incurred through its operations in the period in which the default occurred or its existence became known. Management does not believe, as of December 31, 2015, that any such default on its receivables are likely to occur: therefore, no estimate has been presented for any such uncollectible amounts.

F. 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 \$399,291 for the year ended December 31, 2015 respectively.

G. Federal Income Tax

No provisions are made for federal income tax and city income tax because the Corporation is tax exempt under Section 501(c) 3 of the Internal Revenue Code. Accordingly, no provision for federal income tax is required. The Corporation has not entered into any transactions, which would subject it to unrelated business income tax. The Federal Return of Organizations Exempt from Income Tax for the Corporation is no longer subject to examination for the years ending prior to and including 2009. In the normal course of business, however the Corporation is subject to examination by various other taxing authorities. Although the outcome of such examination is always uncertain, management believes there are no significant unrecognized tax liabilities as of December 31, 2015.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

H. 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

3. 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.

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 \$2,917. 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 that was used to renovate this building. Mountaineer Metals made a final payment in the amount of \$47,774 on 01/16/2015, which was the remaining balance of the loan.

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 which 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 and an Ohio Capital Budget Grant in the amount of \$200,000 for the Rio Grande Building. Amounts reflected in the balance sheet are land and building Rio Grande (\$3,236,295) for 12/31/2015 and Sewer-Rio Grande (\$71,152).

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, improvements of \$4,900 have been made subsequently. 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.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

The Corporation and the Ohio Department of Development entered into an agreement on May 16, 2011 that allowed the Corporation to borrow \$1,250,000 to invest in the construction of a 30,000 square foot facility to be located at 49728 East Park Drive (East Meigs Industrial Park) township of Orange, Meigs County, Ohio. The terms and conditions of the financing with the Ohio Department of Development consists of a \$500,000 grant from ODOD, a \$250,000 GOA grant, and \$500,000 that will be a loan interest free for five (5) years or until this facility is sold or leased. If leased, the \$500,000 loan will be repaid at a three percent (3%) interest rate for fifteen (15) years. On February 16, 2012, the contractor, Rick McCarty, signed a contract to construct this facility for \$987,683. The remaining \$260,173 in facility cost was used for engineering, permits, electrical and other associated costs of constructing this facility. This facility was then leased to Davis Pickering Company, 165 Enterprise Drive, Marietta, Ohio 45750 in December of 2013. In February 2014, the Corporation received an additional loan from Farmers Bank in the amount of \$83,384 in order to finance a fire suppression system. The lease payments were adjusted from \$8,750 to \$9,414 a month to compensate for the fire suppression system and bank financing payments. The terms of the lease purchase agreement is \$1,000,000 financed over 15 years at an interest rate of 4.75%.

Holzer Health Systems purchased the land known as Hospital Property – Pomeroy in the amount of \$391,082 for the construction of a free standing emergency department that is approximately thirteen thousand (13,000) square feet. The cost of the project is \$5,996,596.07 for the construction of the building of which the Corporation financed by obtaining two grants and a loan. The loan was from the Ohio Valley Bank. for \$5,500,000. The first grant was from ODOD in the amount of \$250,000 and went toward the construction of the building. The second was an ARC grant for \$250,000 and was awarded for the purchase of equipment for the ER. \$225,000 of the grant was paid out in 2014. The remaining \$25,000 was paid out after completion of the project. Financing for the project consists of Industrial Revenue Bonds which have been purchased by Ohio Valley Bank, 420 3rd Avenue, Gallipolis, Ohio 4563, in the amount of \$5,500,000 for a fixed 30-year term at 4% tax exempt. All funds have been drawn down from the loan with OVB. The project received their occupancy permit October 31, 2014.

Depreciation of buildings is computed using the straight-lined method over an estimated useful life of thirty (30) years for buildings acquired before 2015 and thirty-nine (39) years for buildings acquired in 2015 and after.

The Corporation maintains no personal property assets; therefore, there is no threshold for personal property assets.

4. Industrial Park

The property consists of land that was purchased in the 90's for the development of an industrial park and sewer project on State Route 7 in Tupper Plains, Meigs County, Ohio. Since this purchase, further development includes a building for WeCan Fabricators, RemRam (Spec I), Dollar General, a car wash, and Davis Pickering (Spec II). The Industrial Park was purchased on Land in Tupper Plains for \$240,000 with \$524,530 in subsequent capital improvements.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

5. Cash and Cash Equivalents

The Corporation as of December 31, 2015, had the following deposits with local financial institutions.

	BALANCES @ 12/31/2015	
	Reconciled	Statement
Farmers B&S - Checking Regular	\$ 275,644	\$ 275,664
Farmers B&S - Revolving Account	\$ 34,019	\$ 34,019
Farmers B&S - Checking ODOD II Escrow	\$ 4,161	\$ 4,161
Farmers B&S - Computers for Students	\$ 36	\$ 36
Home National Bank - Savings	\$ 52,109	\$ 52,109
Farmers B&S - CD	\$ 53,873	\$ 53,873
Total	\$ 419,842	\$ 419,862

Certificates of Deposit: The Corporation also has one short term Certificates of Deposit being held at Farmers B&S with an initial investment amount of \$50,000 that has earned a total of \$3,873 in interest that has been rolled into the balance giving it a total ending balance as of 12/31/2015 of \$53,873. As of the dates of the financial statements, all of the Corporation's deposits are fully collateralized by the Federal Deposit Insurance Corporation, under the terms of Section 343 of the Dodd – Frank Wall Street Reform and Consumer Protection Act.

Computer for Students: This program was established to provide computers for school work to underprivileged students in Meigs county. Iva Sisson began raising funds for this program and approached Paul Reed, CEO of Farmers Bank and President of CIC, for aid with her project. She was able to obtain donations of outdated equipment from computer companies if they were donated to a nonprofit organization. All funds in this account are restricted to this program only and require the signature of both Iva Sisson and Paul Reed.

Revolving Account: The Farmers Bank and Savings revolving account is made up of payments received from various loans given to local businesses. CIC collected a total \$46,923.35 in 2015.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

6. Debt

The Corporation's debt outstanding at December 31, 2015 was as follows

	12/31/15 Principal	Interest Rate
Holzer Building	\$ 5,417,389	4.0%
ODOD II	\$ 470,540	3.0%
Spec Building Note	\$ 236,449	3.0%
Spec Building II Note	\$ 79,849	5.27%
Sewer – Rio Grande	\$ 45,997	6.75%
Rio Grande – Land & Building	<u>\$ 1,133,833</u>	6.25%
Total	<u>\$ 7,384,057</u>	

The Holzer Building industrial development revenue bonds were issued on May 30, 2013 for \$5,500,000. The bonds will mature on May 29, 2043 and are for the acquisition, new construction, equipping, and installation of the Holzer Emergency facility located on Pomeroy Pike in Meigs County, Ohio.

The 2011 Rural Industrial Park Loan through the Ohio Department of Development (ODOD II loan) was authorized for \$500,000. Payments on this loan will commence in February 2017. The loan will mature in January 2027 and is for the purpose of constructing a new 35,000 square foot commercial/industrial building located in Orange Township, Meigs County, Ohio.

The 2010 Spec Building note through the Ohio Department of Development was authorized for \$440,000. The note will mature in March 2019 and was for the purpose of constructing a commercial/industrial building on a site located on State Route 7, Pomeroy, Ohio.

The 2014 Spec Building II note through the Farmers Bank and Savings Company was authorized for \$83,384. Payments of interest only are due through February 2015. Thereafter, principal and interest payments of \$943.93 will be due monthly through June 2024. The note is for the purpose of installing a fire suppression system in the Tupper's Plains Spec Building.

The 2008 Sewer - Rio Grande note through Farmers Bank and Savings Company was issued for \$71,151.55. The note will mature in August 2023 and was for the construction and installation of the sewer system at the Rio Grande Building site.

The Rio Grande Building and Land note was issued on August 10, 2007 for \$1,758,565. The note will mature on August 10, 2023 and was for the acquisition and construction of a new building location for the University of Rio Grande. Upon maturity, the title to the facility will be transferred to the University of Rio Grande.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

The annual requirements to amortize debt outstanding as of December 31, 2015 including Interest are as follows:

Year Ending 31-Dec	Holzer ER	ODOD II	Spec Bldg Note	Spec II Bldg Note
2016	\$327,892	\$49,956	\$50,984	\$11,356
2017	327,892	49,956	50,984	11,356
2018	327,892	49,956	50,984	11,356
2019	327,892	49,956	122,661	11,356
2020	327,892	49,956	0	11,356
2021-2025	1,639,458	249,781	0	38,226
2026-2030	1,639,458	54,118	0	0
2031-2035	1,639,458	0	0	0
2036-2040	1,639,458	0	0	0
2041-2043	792,405	0	0	0
Total	\$8,989,697	\$553,679	\$275,613	\$95,006

Year Ending 31-Dec	Rio Grande Sewer	Rio Grande Land and Building	Total
2016	\$7,739	\$187,133	\$635,060
2017	7,739	187,133	635,060
2018	7,739	187,133	635,060
2019	7,739	187,133	706,737
2020	7,739	187,133	584,076
2021-2025	20,619	489,558	2,437,642
2026-2030	0	0	1,639,576
2031-2035	0	0	1,639,458
2036-2040	0	0	1,639,458
2041-2043	0	0	792,405
Total	\$59,314	\$1,425,223	\$11,398,532

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

7. Operating Leases

The Corporation had operating leases in effect as of December 31, 2015 with various entities for rental of building space. The details of these operating leases are as follows:

- Lease of New Spec Building at 49705 East Park Drive, Tupper's Plains, Ohio 45783 – An agreement was made and concluded between Meigs County CIC and Rem Ram Recovery, LLC, an Ohio Limited Liability Company of Reedsville, Ohio, hereafter called "Rem Ram". Rem Ram shall commence payments on September 1, 2010. Rem Ram shall then pay for the remaining fifteen (15) years of the term annual payments in the amount of \$84,598.68 payable in advance in equal monthly installments of \$7,049.89 at the office of the Meigs County CIC. The Meigs County CIC hereby grants to Rem Ram an option to purchase the leased premises herein at any time during the term of this lease for the sum of Eight Hundred Thousand (\$800,000) dollars less the amount of principle that has been paid using an annual interest rate of 6.68% amortized over the fifteen (15) years term of the lease.
- The new University of Rio Grande building located at County Road 25, Pomeroy Pike, Pomeroy, Ohio 45769 was completed and occupied in the third quarter of 2008. This facility is leased to Rio Grande University from September 2, 2008 to June 30, 2023 for \$18,000 per month. This facility will be paid off at this time and title will be transferred to the University of Rio Grande. This facility is financed through Farmers Bank and Savings (Notes payable at 12/31/2008 of \$1,147,607 and \$71,152 at 6¼ and 6¾ interest respectively final payment is June 2023 to coincide with the Lease Agreement) and Home National Bank, Racine, Ohio 45771 (Note payable at 12/31/2008 of \$591,301 at 6¼ interest) final payment is June 2023 to coincide with the Lease Agreement). Effective October 1, 2012 the building interest was reduced to 6 ½ percent. Notes payable at 12/31/2015 to Farmers Bank and Savings are \$748,330 and Home National Bank are \$385,503. A combined monthly payment of \$15,594.40 is remitted to Farmers Bank and Savings, who then forwards \$5,302.09 of that payment to Home National Bank.
- The second speculative building is described in Footnote 3 and is leased to Davis Pickering Company, DPC, 165 Enterprise Drive, Marietta, Ohio 45750 effective January 1, 2014. DPC shall make no payments during the initial twelve (12) months of the lease term. DPC annual payments in the amount of \$112,968 payable in advance in equal installments of \$9,414 shall be made on January 1, 2015 and be made monthly on the same day of each month thereafter. The initial lease shall be from lease years 2-6. DPC is given the option to renew the agreement for one (1) period of five (5) years at an increased lease payment of ten (10%) percent during the renewal period. DPC shall not assign or sublet the leased premises without the written consent of the Corporation.
- The Holzer ER Building described in Footnote 3 is currently being rented to the Holzer Health Care Systems for \$28,000 a month beginning in 2015 with an open purchase option with terms to be determined if the purchase option is exercised.

Revenue from operating leases were recorded at \$832,885 for 2015.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

8. 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.

9. 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.

10. Pension Plan

As of the dates of the financial statements, the Corporation had no paid staff.

11. 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.

12. 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.

13. In Kind Contributions

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, telephone and long distance expenses for the Corporation. In 2015, The Corporation contributed \$75,000 toward these expenses. The Economic Director and Administrative Assistant's, estimated time devoted to the Corporation is 50%, all of which was covered with this contribution resulting in no in-kind revenue or expenses allocated to the Corporation in 2015

This Page Intentionally Left Blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Community Improvement Corporation, Meigs County, Ohio (the Corporation) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2017.

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 opinion 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider Finding 2016-001 to be a material weakness.

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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2016-001.

Entity's Response to Finding

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

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.



Dave Yost
Auditor of State
Columbus, Ohio

December 18, 2017

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Noncompliance/Material Weakness

Ohio Admin. Code § 117-2-02(A) provides that all local public offices maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by § 117-2-03 of the Administrative Code.

The financial statements had the following errors that required adjustment or reclassification:

In 2015:

- A \$75,000 grant from Holzer was incorrectly classified as non-operating revenue when it should be operating revenue.
- A \$75,000 disbursement for the Economic Workforce expense was incorrectly classified as non-operating when it should be an operating expense for PR and Occupancy paid to County.
- The current portion of long term debt was understated \$26,033 and included in the long term portion.

In 2016:

- Cash was overstated and Spec III WIP Capital Asset was understated by \$90,711 due to a check being written before year end which had not cleared and was mistakenly still reported as part of the cash balance.

The audited financial statements have been adjusted for the issues noted above.

The Corporation Board of Trustees should review the financial statements prior to filing with the Auditor of State for reasonableness and accuracy.

Officials' Response:

The Corporation will review future filings prior to submission to the Auditor of State in order to avoid adjustments in the future.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001	Ohio Rev. Code §117.38 noncompliance for failure to file the 2014 annual financial report with the Auditor of State	Fully Corrected	
2014-002	Ohio Admin Code §§ 117-2-01(D)(3) and (5) noncompliance and significant deficiency for not preparing reconciliations for all bank accounts.	Fully Corrected	



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
DECEMBER 28, 2017**