

***MORGAN COUNTY COMMUNITY
IMPROVEMENT CORPORATION***

MORGAN COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2016 and 2015





Dave Yost • Auditor of State

Board of Trustees
Morgan County Community Improvement Corporation
155 East Main Street
McConnelsville, Ohio 43756

We have reviewed the *Independent Auditor's Report* of Morgan County Community Improvement Corporation, Morgan County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2015 through December 31, 2016. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery – Repaid Under Audit

Auditor of State Bulletin 2003-005, issued October 20, 2003, clearly indicated that, "The Auditor of State's Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect." The Bulletin followed the guidelines set forth in Ohio Attorney General Opinion No. 82-006, which set forth the criteria for determining if an expenditure was for a proper public purpose.

On at least four separate occasions, Carl Raines, Director, was reimbursed for or authorized the purchase of alcoholic beverages, as follows:

<u>Date</u>	<u>Amount</u>	<u>Type</u>
12/10/2015	\$133.50	direct expenditure
4/12/2016	133.50	direct expenditure
7/7/2016	175.00	reimbursement for wine
12/15/2016	<u>246.25</u>	direct expenditure
Total	<u>\$688.25</u>	

Board of Trustees
Morgan County Community Improvement Corporation
155 East Main Street
McConnelsville, Ohio 43756
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In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Carl Raines, Director, in the amount of \$688.25, and in favor of the Morgan County Community Improvement Corporation.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which an illegal expenditure is discovered, is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.*, 120 Ohio St. 47 (1929); 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code § 9.39; *State ex rel. Village of Linndale v. Masten*, 18 Ohio St.3d 228 (1985). Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen.

This finding was repaid in full on October 2, 2017.

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. Morgan County Community Improvement Corporation is responsible for compliance with these laws and regulations.



Dave Yost
Auditor of State

October 19, 2017

MORGAN COUNTY COMMUNITY IMPROVEMENT CORPORATION
MORGAN COUNTY

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INDEPENDENT AUDITOR'S REPORT

Morgan County Community Improvement Corporation
Morgan County
155 East Main Street
McConnelsville, Ohio 43756

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Morgan County Community Improvement Corporation, Morgan County, Ohio (the Corporation), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Morgan County Community Improvement Corporation, Morgan County, Ohio, as of December 31, 2016 and 2015, and the changes in financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 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 "Charles E. Harris" followed by "Associates" in a smaller, less legible script.

Charles E. Harris & Associates, Inc.
June 23, 2017

**MORGAN COUNTY COMMUNITY IMPROVEMENT CORPORATION
MORGAN COUNTY**

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

	2016	2015
Current Assets		
Cash and Cash Equivalents	\$ 405,953	\$ 226,955
Notes Receivable - Metal Axis	-	145,825
Total Current Assets	405,953	372,780
Capital Assets		
Land	423,560	423,560
Land Improvements	5,000	5,000
Buildings	15,275,000	15,275,000
Total Capital Assets	15,703,560	15,703,560
Less: Accumulated Depreciation	(2,304,785)	(1,912,644)
Net Property and Equipment	13,398,775	13,790,916
Total Assets	13,804,728	14,163,696
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current Portion of Long-Term Debt	811,507	800,059
Total Liabilities	811,507	800,059
Long-Term Liabilities		
Note Payable - Ohio Dept. of Development 148-02-01	2,591,005	2,848,945
Note Payable - Ohio Dept. of Development 148-01-01	702,102	776,007
Note Payable - Ohio Dept. of Development 706-01-01	1,753,744	1,888,625
Note Payable - Chase	4,194,445	4,527,778
Less: Current Portion of Long-Term Debt	(811,507)	(800,059)
Total Long-Term Liabilities	8,429,789	9,241,296
Total Liabilities	9,241,296	10,041,355
Net Assets		
Unrestricted	4,563,432	4,122,341
Total Net Assets	4,563,432	4,122,341
Total Liabilities and Net Assets	\$ 13,804,728	\$ 14,163,696

See accompanying notes to the basic financial statements.

**MORGAN COUNTY COMMUNITY IMPROVEMENT CORPORATION
MORGAN COUNTY**

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDING DECEMBER 31, 2016 AND 2015**

	2016	2015
Revenue		
Rent Income	\$ 1,114,527	\$ 1,086,710
Interest Income	20,358	6,783
Miscellaneous Income	-	2,084
Total Revenue	1,134,885	1,095,577
Expenses		
Advertising	120	250
Bank Charges	10	-
Depreciation	392,141	384,439
Donations	1,562	-
Dues & Subscriptions	125	-
Officers' Fees	42,400	44,900
Filing Fees	-	440
Insurance	6,751	6,581
Interest	219,533	215,747
Loan Service Fees	12,388	12,899
Meetings/Meals	2,806	950
Miscellaneous Expense	-	6,373
Office Supplies	24	-
Professional Fees	9,720	15,337
Rent Expense	2,856	2,856
Safe Deposit Box Rental	86	86
Taxes	3,272	3,055
Total Expenses	693,794	693,913
Net Income	441,091	401,664
Net Assets at January 1	4,122,341	3,720,677
Net Assets at December 31	\$ 4,563,432	\$ 4,122,341

See accompanying notes to the basic financial statements.

**MORGAN COUNTY COMMUNITY IMPROVEMENT CORPORATION
MORGAN COUNTY**

**STATEMENTS OF CASH FLOWS
FOR YEARS ENDING DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 441,091	\$ 401,664
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	392,141	384,439
Total Adjustments	<u>392,141</u>	<u>384,439</u>
Net Cash Provided by Operating Activities	833,232	786,103
 Cash Flows from Investing Activities		
Cash paid for fixed assets	-	(59,900)
Cash received on notes receivable - Metal Axis	145,825	48,380
Net Cash Provided By (Used) Investing Activities	145,825	(11,520)
 Cash Flows Used by Financing Activities		
Principal Payments on Notes Payable	<u>(800,059)</u>	<u>(771,556)</u>
Net Cash Provided (Used) by Financing Activities	<u>(800,059)</u>	<u>(771,556)</u>
 Net Increase in Cash	178,998	3,027
Beginning Cash Balance	<u>226,955</u>	<u>223,928</u>
Ending Cash Balance	<u>\$ 405,953</u>	<u>\$ 226,955</u>

See accompanying notes to the basic financial statements.

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MORGAN COUNTY COMMUNITY IMPROVEMENT CORPORATION
MORGAN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF BUSINESS

Morgan County Improvement Corporation (the Corporation) is a non-profit organization, exempt from Federal income tax under section 501(c)(4) of the Internal Revenue Code. Its purpose is to advance, encourage, and promote the industrial, economic, commercial, and civic development of the County of Morgan, and the municipal corporations located therein by acting as the designated agency of the county of Morgan, one or more municipal locations located therein, or the County of Morgan and one or more municipal corporation located therein, for the industrial, commercial, distribution, and research development in such political subdivision in accordance with section 1724.1, Revised Code.

To provide real property for an industrial building being financed in part by loans and grants from the State of Ohio. The Corporation shall have the right to raise money and expand funds for community projections in Morgan County, Ohio.

MCIC Sinter Property has been identified as a blended component unit of Morgan County Improvement Corporation as they have similar missions, board of directors and recordkeeping. The two entities have been reported as one on the face of the financial statements and all inter-agency transactions are reported in Note D.

CASH AND CASH EQUIVALENTS

For the purposes of the statements of cash flows, the Corporation considers all highly liquid investments available for current use to be cash equivalents.

IMPAIRMENT OF LONG-LIVED ASSETS

The Corporation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to the carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, then assets are written down first, followed by other long-lived assets of the operation to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. As of December 31, 2016, there were no impairment losses recognized for long-lived assets.

PROPERTY AND EQUIPMENT

The Corporation capitalizes expenditures for property and equipment which extend the originally estimated useful lives of the assets capitalized. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such assets are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose. Buildings are depreciated using the straight-line method over estimated useful lives of 39 years. Building improvements are depreciated using the straight line method over estimated useful lives of 15 years.

CONTRIBUTED SERVICES

Contributed services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Corporation. Volunteers also provide services that are not recognized as contributions in the financial statements since the recognition criteria were not met.

MORGAN COUNTY COMMUNITY IMPROVEMENT CORPORATION
MORGAN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

INCOME TAXES

The Corporation is exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code. In addition, the Corporation has been classified as an organization that is not a private foundation under Section 509(a)(c).

The Corporation's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2014 through 2016 are subject to examination by the IRS, generally for three years after they are filed.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FINANCIAL STATEMENT PRESENTATION

The Corporation reports information regarding its financial position and activities according to three classes of net position: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets represent revenues and expenses related to the operation and management of the Corporation's primary programs and supporting services. If funds are raised and set aside by the Board for future use, these are considered unrestricted. Temporarily restricted contributions that are expended for their restricted purpose in the same reporting period as received may be recorded as unrestricted.

Temporarily restricted net assets represent resources available for use, but expendable only for the purposes specifically stated by the donor. As of December 31, 2016 and 2015, the Corporation had no temporarily restricted net assets.

Permanently restricted net assets are assets subject to donor-imposed stipulations that they be maintained permanently by the Corporation. Generally, the donors of these assets permit the Corporation to use all or part of the income earned on any related investments for general or specific purposes. As of December 31, 2016 and 2015, the Corporation had no permanently restricted net assets.

DATE OF MANAGEMENT'S REVIEW

Subsequent events have been evaluated through the date of this report.

NOTE B - CONCENTRATION OF CREDIT RISK

The Corporation may, from time to time, maintain cash balances that are not covered by insurance provided by the federal government (FDIC). Management understands the risks, but the solvency of the financial institution is not of particular concern at this time.

NOTE C - CONTINGENCIES

The Corporation receives all of its rental income from two sources, MIBA Bearings and MIBA Sinter USA, LLC. The amount received from these Organization's was \$1,114,527 and \$1,086,710 for the years ended December 3, 2016 and 2015.

MORGAN COUNTY COMMUNITY IMPROVEMENT CORPORATION
MORGAN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

NOTE D - RELATED PARTY TRANSACTIONS

The Corporation has a blended component unit which they share a Board of Directors, Executive Director, and purpose with, MCIC Sinter Property. The Corporation transferred a parcel of land, and a building to this related party during 2013. The cost of the building was \$5,250,000 with accumulated depreciation of \$661,858, giving a net book value of \$4,588,142. The parcel of land had a cost of \$163,300. They also agreed to have a Note Payable – MCIC Sinter Property in the amount of \$3,378,464. The remaining difference of \$1,372,978 was considered a contribution from Morgan County Improvement Corporation to MCIC Sinter Property.

In 2016 and 2015 respectively, there were payments of \$50,000 and \$110,009 made on the note payable from MCIC Sinter Property to Morgan County Improvement Corporation. The balances on this note was \$3,168,064 and \$3,218,064 at December 31, 2016 and 2015, respectively.

As mentioned above, all blended component unit transactions have been removed from the face of the financial statements and are only mentioned above in the footnote as the transactions would have no net effect on the financial statements.

The Board of Directors includes one member from MIBA Bearings, the sole tenant of lease with the Corporation.

NOTE E - NOTES RECEIVABLE

At December 31, 2015, the Corporation had a Note Receivable-MetalAxis with an interest rate of 3.00%. The note is payable in variable annual installments. This note was scheduled to be paid off in 2029, but a lump sum payment was made during 2016 to pay this note off in full. The collateral of this loan was the building that was constructed by MIBA with these loan proceeds for MetalAxis.

NOTE F - DESCRIPTION OF LEASING ARRANGEMENTS

The Corporation leases property to MIBA Bearings in an operating lease. The building has a cost of \$2,775,000, accumulated depreciation of \$841,988, leaving a net book value of \$1,933,012.

MIBA Bearings is currently in a 15 year lease for \$360,000 per year through August 2025. The lease will then be reduced to \$5,000 per month through January 2029.

MCIC Sinter Property leases property to MIBA Sinter USA, LLC in an operating lease. The building has a cost of \$12,250,000, accumulated depreciation of \$1,417,200, leaving a net book value of \$10,832,800.

MIBA Sinter USA, LLC is currently in a 15 year lease that includes a fixed lease payment in addition to a payment to cover both new loan payments for the newly constructed addition. The fixed lease payment is \$10,033 per month through April 2015, \$13,740.68 per month through August 2023, \$11,740.68 per month through March 2025, \$1,740.68 per month through August 2025, and finally \$5,000 per month through January 2029.

At December 31, 2016, minimum rental payments due under the abovementioned leases are as follows:

Year Ending	Amount
2017	\$1,093,733
2018	1,086,991
2019	1,086,674
2020	1,081,224
2021	1,074,483

MORGAN COUNTY COMMUNITY IMPROVEMENT CORPORATION
MORGAN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

NOTE G - NOTES PAYABLE

Notes payable at December 31, 2016 and 2015 consists of the following:

<u>Description of Notes Payable</u>	<u>2016</u>	<u>2015</u>
Note Payable - Ohio Dept. of Development 148-02-01 is payable in monthly installments including interest at 1.00% for the remainder of the life of the loan. The loan payoff is August 2025. This note is collateralized by all business assets.	\$ 2,591,005	\$ 2,848,945
Note Payable - Ohio Dept. of Development 148-01-01 is payable in monthly installments including interest at 1.00% through February 2015, and 3.00% for the remainder of the life of the loan. The loan payoff is August 2025. This note is collateralized by all business assets.	702,102	776,007
Note Payable - Ohio Dept. of Development 706-01-01 is payable in monthly installments including interest only at 1.00% through March 2015, principal and interest at 1.00% through March of 2019, principal and interest at 2.00% through March 2024 and principal and interest at 3.00% through February 2029. This note is collateralized by a building owned by MCIC Sinter Property, as described in Note F.	1,753,744	1,888,625
Note Payable - Chase is payable in monthly installments including interest at 175 basis points over LIBOR, as of December 31, 2016 and 2015. The loan payments are based on a 15 year amortization with 66 monthly payments and a balloon payment due at the end of the 66th month. The loan payoff is January 2020. This note is collateralized by a building owned by MCIC Sinter Property, as described in Note F.	4,194,445	4,527,778
Total Debt	9,241,296	10,041,355
Less Current Maturities	811,507	800,059
Net Long-Term Debt	\$ 8,429,789	\$ 9,241,296

Future maturities of the long-term notes payable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2017	\$ 811,507
2018	823,277
2019	830,052
2020	3,703,711
2021	523,373
Thereafter	2,549,376
Total	<u>\$ 9,241,296</u>

MORGAN COUNTY COMMUNITY IMPROVEMENT CORPORATION
MORGAN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(Continued)

NOTE H - RISK MANAGEMENT

The Corporation has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Wrongful acts and dishonesty bond

Settlement amounts did not exceed insurance coverage for the past three fiscal years. There were no significant reductions in coverage from prior year.

NOTE I - SUPPLEMENTAL DISCLOSURES OF CASH FLOW STATEMENT

During the years ended December 31, 2106 and 2015, cash payments for interest and income taxes were as follows:

	<u>2016</u>	<u>2015</u>
Interest Paid	\$ 219,533	\$ 215,747

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

Morgan County Community Improvement Corporation
Morgan County
155 East Main Street
McConnelsville, Ohio 43756

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Morgan County Community Improvement Corporation, Morgan County, Ohio (the Corporation), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated June 23, 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a *material weakness*, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed 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.

There is a certain matter not requiring inclusion in this report that we reported to the Corporation's management in a separate letter dated June 23, 2017.

Entity's Response to Finding

The Corporation's response to the finding identified in our audit is described in the accompanying corrective action plan. 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.

Charles E. Harris

Charles E. Harris & Associates, Inc.
June 23, 2017

**MORGAN COUNTY COMMUNITY IMPROVEMENT CORPORATION
MORGAN COUNTY**

**SCHEDULE OF AUDIT 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

Payments for Alcohol

Attorney General Opinion 82-006 and Auditor of State of Bulletin 2003-005 state that purchases of alcoholic beverages are not for a proper public purpose and will be considered arbitrary and incorrect. There were four payments to various vendors in 2016 and 2015, totaling \$688.25 which contained expenditures for alcohol. This matter has been referred to the Ohio Auditor of State's Office for further consideration.

We recommend the Corporation refrain from making any payments for the purchase of alcohol to comply with Attorney General 82-006 and Auditor of State Bulletin 2003-006.

Officials' Response – See Corrective Action Plan.

**MORGAN COUNTY COMMUNITY IMPROVEMENT CORPORATION
MORGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001	Ohio Rev. Code 2921.42(A)(2) related party transactions.	Fully Corrected	
2014-002	Not filing the annual financial report within the 120 days after fiscal year end.	Not Corrected	Reissued in management letter

MORGAN COUNTY COMMUNITY IMPROVEMENT CORPORATION
MORGAN COUNTY

CORRECTIVE ACTION PLAN
December 31, 2016 and 2015

FINDING NUMBER	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE	RESPONSIBLE CONTACT PERSON
2016-001	Payments for alcohol will not be made Corporation money.	Immediately	Kelsey Wells, Treasurer

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Dave Yost • Auditor of State

MORGAN COUNTY IMPROVEMENT CORPORATION

MORGAN 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
NOVEMBER 9, 2017**