

***COMMUNITY IMPROVEMENT CORPORATION***

**NOBLE COUNTY**

**AUDIT REPORT**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**







# Dave Yost • Auditor of State

Board of Trustees  
Community Improvement Corporation  
48535 Cold Water Creek Road  
Caldwell, Ohio 43724

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation, Noble County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Community Improvement Corporation of Noble County is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

September 12, 2018

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**COMMUNITY IMPROVEMENT CORPORATION  
NOBLE COUNTY  
AUDIT REPORT  
For Years Ending December 31, 2017 and 2016**

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**INDEPENDENT AUDITOR'S REPORT**

Community Improvement Corporation  
Noble County  
420 Olive Street  
Caldwell, Ohio 43724

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the Community Improvement Corporation Noble County, Ohio (Corporation) as of and for the years ended December 31, 2017 and 2016.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles general accepted in the United States of America. This responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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 the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Corporation prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

***Adverse Opinion***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Community Improvement Corporation, Noble County as of December 31, 2017 and 2016, and the respective changes in financial position for the years then ended.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2018, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
June 30, 2018



**COMMUNITY IMPROVEMENT CORPORATION  
NOBLE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>Cash Receipts</b>	
Interest	<u>\$ 150</u>
<i>Total Cash Receipts</i>	<u>150</u>
<b>Cash Disbursements</b>	
Current:	
Contracts - Services	<u>825</u>
<i>Total Cash Disbursements</i>	<u>825</u>
<i>Net Change in Fund Cash Balances</i>	(675)
<i>Fund Cash Balances, January 1, 2017</i>	<u>124,860</u>
<i>Fund Cash Balances, December 31, 2017</i>	<u><u>\$ 124,185</u></u>

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

**COMMUNITY IMPROVEMENT CORPORATION  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Entity**

The Noble Community Improvement Corporation (the Corporation) is an Ohio non-profit corporation and was incorporated in 1963 under authority of Ohio Revised Code Section 1702.01 and Chapter 1724. The Corporation is governed by 5 trustees, comprised of business, professional, government and community leaders. The Corporation was formed to advance, encourage, and promote industrial, economic, commercial and civic development in Noble County.

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

**B. Basis of Accounting**

Although required by Ohio Revised Code Section 1724.05 and 1726.11 to file its annual report pursuant to accounting principles generally accepted in the United States of America, the Corporation chooses to prepare its financial statements on the cash basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

**C. Tax Status**

The Corporation is a nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. By virtue of Ohio law the Corporation is not subject to Ohio income taxes.

**D. Property, Plant, and Equipment**

Acquisitions of property, plant, and equipment are recorded as disbursement when paid. These items are not reflected as assets in the accompanying financial statements.

**2. DEPOSITS**

The Corporation maintains a checking account. The carrying amount of deposits at December 31, was as follows:

	<u>2017</u>
Demand Deposits	<u>\$ 124,185</u>

**3. COMMITMENT TO HAPPY TIME POOL COMMITTEE**

The Corporation has committed 2.5% of future Corporation royalties from the lease of mineral rights to Happy Time Pool Committee for the renovation and ongoing operations of the Noble County Pool.

**COMMUNITY IMPROVEMENT CORPORATION  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

**4. NOTE RECEIVABLE**

The CIC loaned \$150,000 to the Noble Water Authority. The \$150,000 was paid to the Noble Water Authority in two separate draws in August 2014 and January 2015. It is a 0% interest rate loan with quarterly payments beginning in 2018. The payments are equal to \$1 per thousands of gallons used in the water line paid for with the \$150,000 loan until funds are repaid. The Corporation also loaned \$40,000 to the Noble Learning Center to complete a roof replacement. The Noble Learning Center is a nonprofit corporation that provides child care services. A large portion of the clientele is underserved families and the organization hosts many programs to support those families and the community as a whole. The \$40,000 was paid to Noble Learning Center in one draw May 2016. It is a 0% loan with a monthly repayment beginning in May of 2023 in the amount of \$700 until funds are repaid. The loan is unsecured.

**5. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS**

Management believes there are no pending claims or lawsuits.

**COMMUNITY IMPROVEMENT CORPORATION  
NOBLE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Cash Receipts</b>	
Interest	\$ 295
Miscellaneous	<u>40,000</u>
<i>Total Cash Receipts</i>	<u>40,295</u>
<b>Cash Disbursements</b>	
Current:	
Contracts - Services	4,241
Support of Other Entities	<u>230,000</u>
<i>Total Cash Disbursements</i>	<u>234,241</u>
<i>Excess of Receipts Under Disbursements</i>	(193,946)
<i>Fund Cash Balances, January 1, 2016</i>	<u>318,806</u>
<i>Fund Cash Balances, December 31, 2016</i>	<u><u>\$ 124,860</u></u>

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

**COMMUNITY IMPROVEMENT CORPORATION  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Entity**

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	<u>2016</u>
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**COMMUNITY IMPROVEMENT CORPORATION  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

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**5. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS**

Management believes there are no pending claims or lawsuits.

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

Community Improvement Corporation  
Noble County  
420 Olive Street  
Caldwell, Ohio 43724

To the Board of Trustees:

We have audited, in accordance with the 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 cash balances, receipts and disbursements of the Community Improvement Corporation, Noble County, (the Corporation) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2018, wherein we issued an adverse opinion as the Corporation followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***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 that are 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented or detected and corrected on a timely basis. 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

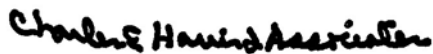
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control described in the accompanying schedule of audit findings that we consider a significant deficiency. We consider finding 2017-001 to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the Corporation's financial statements are free from 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 audit findings as item 2017-002.

***Purpose of this Report***

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



***Charles E. Harris & Associates, Inc.***  
June 30, 2018



**COMMUNITY IMPROVEMENT CORPORATION  
NOBLE COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2017 AND 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2017-001**

**Significant Deficiency**

The Board approved a \$40,000 loan to Noble Learning Center (NLC) in January 2016 and disbursed the money to NLC in May 2016 to supplement a traditional loan obtained by NLC for repair of the roof. The approved terms were 0% interest with monthly payments of \$700 beginning upon retirement of the traditional loan in May of 2023. However, no loan documents were prepared.

We recommend the Corporation obtain signed documentation to support the loan terms and agreement and obtain a secured interest in the property.

**Officials' Response:** We did not receive a response from Officials to this finding.

**FINDING NUMBER 2017-002**

**Noncompliance**

Ohio Rev. Code § 1724.05 states each community improvement corporation shall prepare an annual financial report that conforms to rules prescribed by the Auditor of State pursuant to Ohio Rev. Code § 117.38, that is prepared according to generally accepted accounting principles, and that is certified by the board of trustees of the corporation or its treasurer or other chief fiscal officer. The financial report shall be filed with the Auditor of State within one hundred twenty days following the last day of the corporation's fiscal year, unless the Auditor of State extends that deadline.

The Corporation filed the 2016 annual financial report with the Auditor of State's office on August 31, 2017 which is 90 days after the 120 day requirement. The 2017 annual financial report with the Auditor of State's office on June 15, 2018 which is 45 days after the 120 day requirement. Failure to file the annual financial report within 120 days of the fiscal year-end can result in fines and penalties.

The Corporation prepared its financial statements and notes on an accounting basis not in accordance with these generally accepted accounting principles. The accompanying financial statement and notes omit the financial position of the Corporation at December 31, 2017 and 2016, changes in financial position or cash flows, and disclosures that, while material, cannot be determined at this time. The Corporation can be fined and various other legal administrative remedies may be taken against the Corporation.

The Community Improvement Corporation should file its annual financial reports with the Auditor of State within 120 days of the fiscal year end and file according to generally accepted accounting principles.

**Officials' Response:** We did not receive a response from Officials to this finding.

**COMMUNITY IMPROVEMENT CORPORATION  
NOBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS - PREPARED BY MANAGEMENT  
DECEMBER 31, 2017 AND 2016**

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2015-001	Ohio Revised Code 1724.05 requiring the Corporation to file GAAP financial statements. Report was filed on cash basis.	Not corrected	Repeated as Finding 2017-002



# Dave Yost • Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION OF NOBLE COUNTY**

**NOBLE COUNTY**

## **CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER, 25 2018**