

***BELMONT COUNTY COMMUNITY
IMPROVEMENT CORPORATION***

BELMONT COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2018 and 2017





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Columbus, Ohio 43215
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Board of Trustees
Belmont County Community Improvement Corporation
117 East Main Street
St. Clairsville, Ohio 43950

We have reviewed the *Independent Auditor's Report* of the Belmont County Community Improvement Corporation, Belmont County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 29, 2019

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

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Statement of Financial Position - December 31, 2018.....	3
Statement of Activities - For the Year Ended December 31, 2018.....	4
Statement of Cash Flows - For the Year Ended December 31, 2018.....	5
Notes to the Basic Financial Statements for the Year Ended December 31, 2018.....	6
Statement of Financial Position - December 31, 2017.....	9
Statement of Activities - For the Year Ended December 31, 2017.....	10
Statement of Cash Flows - For the Year Ended December 31, 2017.....	11
Notes to the Basic Financial Statements for the Year Ended December 31, 2017.....	12
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	14

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INDEPENDENT AUDITOR'S REPORT

Belmont County Community Improvement Corporation
Belmont County
117 East Main Street
St. Clairsville, Ohio 43950

To the Board of Trustees:

Report on the Financial Statements

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

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 respective financial position of the Belmont County Community Improvement Corporation, Belmont County, Ohio, as of December 31, 2018 and 2017, and the changes in financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Reporting Required by Government Auditing Standards

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



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

**BELMONT COUNTY COMMUNITY IMPROVEMENT CORPORATION
BELMONT COUNTY**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

	<u>2018</u>
Assets	
Cash and Cash Equivalents	\$ 795,444
Prepaid Rent	700
Notes Receivable	<u>190,975</u>
<i>Total Assets</i>	<u><u>987,119</u></u>
Liabilities	
Accounts Payable	4,077
Accrued Payroll Taxes	485
Payroll Taxes Withheld	<u>1,486</u>
<i>Total Liabilities</i>	<u>6,048</u>
Net Assets	
Without Donor Restrictions	<u>981,071</u>
<i>Total Net Assets</i>	<u>981,071</u>
 Total Liabilities and Net Assets	 <u><u>\$ 987,119</u></u>

See accompanying notes to the basic financial statements

**BELMONT COUNTY COMMUNITY IMPROVEMENT CORPORATION
BELMONT COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018**

Net Assets Without Donor Restrictions:

	2018
Revenues	
Cash Contributions from County Commissioners	\$ 71,250
Grant Income	1,151
Interest Income from Notes Receivable	63
Interest Income from Deposits and CDs	1,087
<i>Total Revenues</i>	73,551
Expenses	
Current:	
Office Salaries	52,500
FICA Expense	4,015
FUTA Expense	42
SUTA Expense	28
Worker's Compensation	111
Hospital Insurance	5,773
Rent	8,400
Utilities	5,027
Travel	3,290
Meals and Entertainment	1,939
Trade Shows and Conferences	929
Miscellaneous Expense	140
Dues and Subscriptions	1,735
Advertising	738
Professional Fees	7,803
Liability Insurance	4,357
Telephone	711
Office Supplies	774
Bad Debts Expense	8,694
Equipment Maintenance	417
Office Maintenance	1,054
Xerox Lease	3,004
<i>Total Expenses</i>	111,481
<i>Change in Net Assets</i>	(37,930)
<i>Net Assets Beginning of Year</i>	1,019,001
<i>Net Assets End of Year</i>	\$ 981,071

See accompanying notes to the basic financial statements

**BELMONT COUNTY COMMUNITY IMPROVEMENT CORPORATION
BELMONT COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2018**

	2018
Cash Flows from Operating Activities	
Cash Received	\$ 82,245
Cash Payments for Employee Services and Benefits	(65,551)
Cash Payments for Goods and Services	(47,047)
	Net Cash Provided By (Used in) Operating Activities
	(30,353)
Cash Flows from Investing Activities	
Payments Received on Notes	10,852
	Net Cash Provided By (Used In) Investing Activities
	10,852
Net Increase in Cash and Cash Equivalents	(19,501)
Beginning Cash Balance	814,945
Ending Cash Balance	\$ 795,444
 RECONCILIATION OF CHANGES IN ASSETS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Change in Net Assets	\$ (37,930)
 Changes in assets and liabilities:	
Decrease (increase) in Notes Receivable Interest	8,694
Increase (decrease) in Accounts Payable	1,965
Increase (decrease) in Accrued Payroll Taxes	(533)
Increase (decrease) in Payroll Taxes Withheld	(2,549)
Total Adjustments	7,577
Net cash provided by (Used In) Operating Activities	\$ (30,353)

See accompanying notes to the basic financial statements.

**BELMONT COUNTY COMMUNITY IMPROVEMENT CORPORATION
BELMONT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Community Improvement Corporation of Belmont County (the Corporation), is a not-for-profit corporation and was incorporated in 1962 under authority of Ohio Rev. Code Section 1702.01 and 1724. The Corporation is governed by 11 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 Belmont County.

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

B. Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, assets payables and other liabilities.

C. Financial Statement Presentation

The Financial Accounting Standards Board issued ASU 2016-14, Not for Profits Entities (Topic 958) – *Presentation of Financial Statements of Not for Profit Entities*. Under ASU 2016-14, nonprofits are required to report information regarding its financial position and activities according to the following net asset classifications:

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

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

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

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

D. Tax Status

The Corporation is a nonprofit corporation exempt from federal income taxes under Section 501c(4) of the Internal Revenue Code. By virtue of Ohio law, the Corporation is not subject to Ohio income taxes.

**BELMONT COUNTY COMMUNITY IMPROVEMENT CORPORATION
BELMONT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018
(CONTINUED)**

1. Summary of Significant Accounting Policies (Continued)

E. New Accounting Pronouncement

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

2. Liquidity and Availability of Financial Assets

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

Total Assets, at year end	\$ 987,119
Less: Fixed and Non-Financial Assets	191,675
Financial Assets, at year end	<u>795,444</u>
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 795,444</u></u>

3. Risk Management

Commercial Insurance

The Corporation has obtained commercial insurance for the following risks:

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

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

**BELMONT COUNTY COMMUNITY IMPROVEMENT CORPORATION
BELMONT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

4. Contingent Liabilities

The Corporation received financial assistance from agencies in the form of grants. The expenditures of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Corporation. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Corporation at December 31, 2018.

5. Operating Leases

The Corporation leases office space under an operating lease dated July 1, 2003. The initial lease term expired on June 30, 2009 and has been renewed through June 30, 2013. The Corporation has options to renew for consecutive 2-year periods through June 30, 2017 and is now on a month to month basis. Minimum future lease payments due under the lease are \$700.

6. Related Party Transactions

A Board of Trustee owns an accounting firm that provides accounting and tax services to the Corporation and was paid \$4,100. Another Trustee is also the legal counsel for the Corporation and was paid \$3,600.

Members on the governing board of a community improvement corporation does not constitute the holding of a public office or employment within the meaning of sections 731.02 and 731.12 of the Revised Code or any other section of the Revised Code, R.C. 1724.10(B)(1). Accordingly, R.C. 102.03 which restricts contractual relationships of Public officials and employees is inapplicable to these related party transactions.

7. Note Receivable Ceralink

The note receivable from Ceralink is currently in default and in the process of collection. The note is secured by equipment and a 2nd mortgage on real estate. The amount of any loss is unknown as of the date of this report.

**BELMONT COUNTY COMMUNITY IMPROVEMENT CORPORATION
BELMONT COUNTY**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

	<u>2017</u>
Assets	
Cash and Cash Equivalents	\$ 814,945
Prepaid Rent	700
Accrued Interest Receivable	8,694
Notes Receivable	<u>201,827</u>
<i>Total Assets</i>	<u><u>1,026,166</u></u>
Liabilities	
Accounts Payable	2,112
Accrued Payroll Taxes	1,018
Payroll Taxes Withheld	<u>4,035</u>
<i>Total Liabilities</i>	<u>7,165</u>
Net Assets	
Unrestricted	<u>1,019,001</u>
<i>Total Net Assets</i>	<u>1,019,001</u>
 Total Liabilities and Net Assets	 <u><u>\$ 1,026,166</u></u>

See accompanying notes to the basic financial statements

**BELMONT COUNTY COMMUNITY IMPROVEMENT CORPORATION
BELMONT COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017
Revenues	
Cash Contributions from County Commissioners	\$ 75,000
Grant Income	3,434
Interest Income from Notes Receivable	9,883
Interest Income from Deposits and CDs	1,000
<i>Total Revenues</i>	89,317
Expenses	
Current:	
Office Salaries	100,219
FICA Expense	7,667
FUTA Expense	84
SUTA Expense	162
Worker's Compensation	16
Hospital Insurance	1,053
Rent	8,400
Utilities	4,200
Travel	1,304
Meals and Entertainment	4,501
Trade Shows and Conferences	40
Education	20
Miscellaneous Expense	163
Dues and Subscriptions	3,894
Advertising	1,148
Professional Fees	13,700
Liability Insurance	1,831
Telephone	2,563
Postage	211
Contributions	170
Office Supplies	1,367
Bank Fees	6
Office Maintenance	933
Xerox Lease	2,753
<i>Total Expenses</i>	156,405
<i>Change in Net Assets</i>	(67,088)
<i>Net Assets Beginning of Year</i>	1,086,089
<i>Net Assets End of Year</i>	\$ 1,019,001

See accompanying notes to the basic financial statements

**BELMONT COUNTY COMMUNITY IMPROVEMENT CORPORATION
BELMONT COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2017**

	2017
Cash Flows from Operating Activities	
Cash Received	\$ 80,623
Cash Payments for Employee Services and Benefits	(107,421)
Cash Payments for Goods and Services	(45,901)
	Net Cash Provided By (Used in) Operating Activities
	(72,699)
Cash Flows from Investing Activities	
Payments Received on Notes	42,471
	Net Cash Provided By (Used In) Investing Activities
	42,471
Net Increase in Cash and Cash Equivalents	(30,228)
Beginning Cash Balance	845,173
Ending Cash Balance	\$ 814,945
 RECONCILIATION OF CHANGES IN ASSETS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Change in Net Assets	\$ (67,088)
 Changes in assets and liabilities:	
Decrease (increase) in Notes Receivable Interest	(8,694)
Increase (decrease) in Accounts Payable	1,303
Increase (decrease) in Accrued Payroll Taxes	385
Increase (decrease) in Payroll Taxes Withheld	1,395
Total Adjustments	(5,611)
Net cash provided by (Used In) Operating Activities	\$ (72,699)

See accompanying notes to the basic financial statements.

**BELMONT COUNTY COMMUNITY IMPROVEMENT CORPORATION
BELMONT COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Community Improvement Corporation of Belmont County (the Corporation), is a not-for-profit corporation and was incorporated in 1962 under authority of Ohio Rev. Code Section 1702.01 and 1724. The Corporation is governed by 11 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 Belmont County.

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

B. Accounting Basis

As required by Ohio Rev. Code Section 1724.05 the Corporation filed its annual financial report pursuant to accounting principles generally accepted in the United States of America.

This statement includes adequate disclosure of material matters.

C. Tax Status

The Corporation is a nonprofit corporation exempt from federal income taxes under Section 501c(4) of the Internal Revenue Code. By virtue of Ohio law, the Corporation is not subject to Ohio income taxes.

2. Cash and Cash Equivalents

The Corporation considers cash on deposit in banks and certificates of deposit with an original maturity of less than 90 days to be cash equivalents. All of the Corporation's certificates of deposit have maturities of 90 days or less.

As of December 31, cash and cash equivalents consisted of the following:

	<u>2017</u>
Demand Deposits	<u>\$ 814,945</u>

3. Risk Management

Commercial Insurance

The Corporation has obtained commercial insurance for the following risks:

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

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

**BELMONT COUNTY COMMUNITY IMPROVEMENT CORPORATION
BELMONT COUNTY**

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

4. Contingent Liabilities

The Corporation received financial assistance from agencies in the form of grants. The expenditures of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Corporation. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Corporation at December 31, 2017.

5. Operating Leases

The Corporation leases office space under an operating lease dated July 1, 2003. The initial lease term expired on June 30, 2009 and has been renewed through June 30, 2013. The Corporation has options to renew for consecutive 2-year periods through June 30, 2017 and is now on a month to month basis. Minimum future lease payments due under the lease are \$700.

6. Related Party Transactions

A Board of Trustee owns an accounting firm that provides accounting and tax services to the Corporation and was paid \$4,100. Another Trustee is also the legal counsel for the Corporation and was paid \$3,600.

Members on the governing board of a community improvement corporation does not constitute the holding of a public office or employment within the meaning of sections 731.02 and 731.12 of the Revised Code or any other section of the Revised Code, R.C. 1724.10(B)(1). Accordingly, R.C. 102.03 which restricts contractual relationships of Public officials and employees is inapplicable to these related party transactions.

7. Note Receivable Ceralink

The note receivable from Ceralink is currently in default and in the process of collection. The note is secured by equipment and a 2nd mortgage on real estate. The amount of any loss is unknown as of the date of this report.

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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**

Belmont County Community Improvement Corporation
Belmont County
117 East Main Street
St. Clairsville, Ohio 43950

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements the Belmont County Improvement Corporation, Belmont County, Ohio (the Corporation) which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated June 28, 2019.

Internal Control Over Financial Reporting

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

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

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

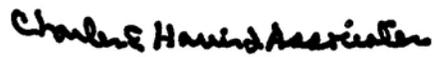
Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

Purpose of this Report

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



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

OHIO AUDITOR OF STATE KEITH FABER



COMMUNITY IMPROVEMENT CORPORATION OF BELMONT COUNTY

BELMONT 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 10, 2019**