

**MONROE COUNTY COMMUNITY
IMPROVEMENT CORPORATION
MONROE COUNTY
Regular Audit
For the Years Ended December 31, 2012 and 2011**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Trustees
Monroe County Community Improvement Corporation
117 N. Main Street
Woodsfield, Ohio 43793

We have reviewed the *Independent Auditor's Report* of the Monroe County Community Improvement Corporation, Monroe County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2011 through December 31, 2012. 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 Monroe County Community Improvement Corporation is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

August 28, 2013

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**MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY**

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INDEPENDENT AUDITOR'S REPORT

June 27, 2013

Monroe County Community Improvement Corporation
Monroe County
117 North Main Street
Woodsfield, OH 43793

To the Board of Trustees:

We have audited the accompanying financial statements of the **Monroe County Community Improvement Corporation**, Monroe County, Ohio (the Corporation) (a nonprofit organization), as of and for the years ended December 31, 2012 and 2011, 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.

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 of 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 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Monroe County Community Improvement Corporation, as of December 31, 2012 and 2011, and the respective changes in financial position and cash flows thereof, for the years then ended in accordance with 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 27, 2013 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.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry & Associates
Certified Public Accountants, A.C.

Monroe County Community Improvement Corporation
Statements of Financial Position
As of December 31, 2012 and 2011

	2012	2011
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 8,764	\$ 3,884
Accounts Receivable	517	350
Prepaid Expenses	790	712
TOTAL CURRENT ASSETS	10,071	4,946
CAPITAL ASSETS		
Land	555,000	30,000
Buildings, Furniture and Equipment	1,971,654	1,971,654
TOTAL CAPITAL ASSETS	2,526,654	2,001,654
Less: Accumulated depreciation	(492,032)	(441,469)
NET CAPITAL ASSETS	2,034,622	1,560,185
TOTAL ASSETS	\$ 2,044,693	\$ 1,565,131
CURRENT LIABILITIES		
Accrued Taxes	\$ 181,532	\$ 50
Accrued Payroll and Payroll Taxes	442	349
Accrued Interest	33	13
Deferred Interest	7,636	4,450
Current Portion of Notes Payable	24,682	23,299
TOTAL CURRENT LIABILITIES	214,325	28,161
LONG-TERM LIABILITIES		
Notes Payable (net of current portion)	148,694	173,376
TOTAL LONG-TERM LIABILITIES	148,694	173,376
TOTAL LIABILITIES	363,019	201,537
NET ASSETS		
Unrestricted	1,681,674	1,363,594
TOTAL NET ASSETS	1,681,674	1,363,594
TOTAL LIABILITIES AND NET ASSETS	\$ 2,044,693	\$ 1,565,131

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

Monroe County Community Improvement Corporation
Statements of Activities
For the Years Ended December 31, 2012 and 2011

	2012	2011
REVENUE		
Lease Income	\$ 25,000	\$ 6,000
Rent	31,900	28,800
Program Fees	6,281	18,086
Interest	-	2,003
Contributions	525,000	-
Utility Reimbursement	8,241	8,846
Miscellaneous	-	8,600
TOTAL REVENUES	596,422	72,335
EXPENSES		
Wages and Fringe Benefits	5,489	5,672
Accounting and Professional Fees	9,824	6,850
Supplies	156	103
Real Estate Tax	183,622	455
Utilities	12,138	10,872
Insurance Expense	4,673	4,496
Service Charges	402	439
Rent	1,200	1,200
Repairs and Maintenance	1,481	2,877
Miscellaneous	3,024	4,822
Depreciation	50,563	50,563
Interest and Fees Expense	5,770	6,628
TOTAL EXPENSES	278,342	94,977
CHANGES IN NET ASSETS	318,080	(22,642)
NET ASSETS AT JANUARY 1	1,363,594	1,386,236
NET ASSETS AT DECEMBER 31	\$ 1,681,674	\$ 1,363,594

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

Monroe County Community Improvement Corporation
Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities:		
Cash Received	\$ 71,422	\$ 71,985
Cash Payments for Employee Services and Benefits	(5,047)	(5,323)
Cash Payments for Goods and Services	(41,382)	(38,583)
Net Cash Provided by Operating Activities	24,993	28,079
Cash Flows from Capital and Related Financing Activities:		
Principal Payment on Loans	(23,299)	(31,632)
Deferred Interest	3,186	2,602
Net Cash Used for Capital and Related Financing Activities	(20,113)	(29,030)
Net Increase/(Decrease) in Cash and Cash Equivalents	4,880	(951)
Beginning Cash Balance	3,884	4,835
Ending Cash Balance	\$ 8,764	\$ 3,884
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ 318,080	\$ (22,642)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	50,563	50,563
Donation of Land	(525,000)	-
Changes in assets and liabilities:		
Decrease (increase) in Accounts Receivable	(167)	(19)
Decrease (increase) in Prepaid Expenses	(78)	94
Increase (decrease) in Accrued Taxes	181,482	50
Increase (decrease) in Accrued Interest	20	(11)
Increase (decrease) in Accrued Payroll and Payroll Taxes	93	44
Total adjustments	(293,087)	50,721
Net cash provided by operating activities	\$ 24,993	\$ 28,079

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

Monroe County Community Improvement Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Community Improvement Corporation, Monroe County (the Corporation), is a non-profit corporation incorporated in 1975 under authority of Ohio Revised Code Section 1702.01. The Corporation is governed by 17 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 Monroe County, and municipal corporations located therein, for the industrial, commercial distribution and research development in such political subdivisions in accordance with Ohio Revised Code Section 1724.10.

Management believes the financial statements included in this report represent all of the activities of the Corporation over 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, payables and other liabilities.

C. REVENUE RECOGNITION

Income from intergovernmental, rental and program fees are recognized over the period to which fees relate.

D. FINANCIAL STATEMENT PRESENTATION

The Corporation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Corporation does not use fund accounting.

E. CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash Flow, cash and cash equivalents include all highly liquid investments with initial maturities of three months or less.

F. FEDERAL INCOME TAX

The Corporation is an exempt organization under Section 501(c) (3) of the Internal Revenue Code. By virtue of Ohio Law, the Corporation is not subject to Ohio income taxes.

G. CAPITAL ASSETS

Capital assets are stated at cost and are depreciated over their estimated useful lives by the straight-line method of financial reporting purposes. Repairs and maintenance are charged to operations when incurred and improvements and additions are capitalized. When equipment is sold, or otherwise disposed of, the net asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

H. ESTIMATES

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Monroe County Community Improvement Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2012 and 2011

(Continued)

2. CASH

The Corporation maintains three checking accounts and one savings account. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	2012	2011
Demand deposits	\$ 8,757	\$ 3,877
Savings Accounts	7	7
Total deposits	<u>\$ 8,764</u>	<u>\$ 3,884</u>

Deposits are insured by the Federal Deposit Insurance Corporation.

3. CAPITAL ASSETS

Capital Assets consists of:

	2012	2011
Land	\$ 555,000	\$ 30,000
Building	1,969,965	1,969,965
Equipment	1,122	1,122
Furniture and Fixtures	567	567
Total Property and Equipment	<u>2,526,654</u>	<u>2,001,654</u>
Less: Accumulated Depreciation	(492,032)	(441,469)
Net Total	<u>\$2,034,622</u>	<u>\$1,560,185</u>

4. DEBT

Debt outstanding at December 31, 2012 and 2011 are as follows:

Name	Principal	Additions	Deductions	Principal	Additions	Deductions	Principal	Due
	Outstanding			Outstanding			Outstanding	within
	12/31/10			12/31/11			12/31/12	One Year
Rural Industrial Park Loan - 3%	\$ 184,800	\$ -	\$ 16,955	\$ 167,845	\$ -	\$ 11,445	\$ 156,400	\$ 17,383
Commercial Loan - Wesbanco - 4.25%	22,734	-	4,169	18,565	-	4,350	14,215	4,538
Promissory Note- Monroe County Chamber of Commerce	3,375	-	1,500	1,875	-	1,500	375	375
Promissory Note- Pioneer Larger Parish - 0%	2,166	-	1,000	1,166	-	1,000	166	166
Promissory Note- Wesbanco - 3.25%	3,747	-	3,447	300	-	300	-	-
Promissory Note- Woodfield Savings Bank - 6%	6,484	-	2,339	4,145	-	2,482	1,663	1,663
Promissory Note- Citizens National Bank - 2.275%	5,001	-	2,222	2,779	-	2,222	557	557
TOTALS	<u>\$ 228,307</u>	<u>\$ -</u>	<u>\$ 31,632</u>	<u>\$ 196,675</u>	<u>\$ -</u>	<u>\$ 23,299</u>	<u>\$ 173,376</u>	<u>\$ 24,682</u>

Monroe County Community Improvement Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2012 and 2011

(Continued)

4. DEBT – (Continued)

The Rural Industrial Park Loan, originally issued for \$484,463, is between the Corporation and the State of Ohio, Department of Development, for the purpose of constructing a 13,500 square foot facility in the Monroe Industrial Park in Monroe County, Ohio. The loan does not bear interest for years one through five. Years six through fifteen will bear interest at a rate of three percent (3%), plus a service fee equal to one quarter of one percent (.25%) per annum. The loan is secured by an open-end mortgage on the property and the loan will be repaid through lease income received from the building occupants. During 2011, in the month of March, this loan went into forbearance and all interest is to be deferred to the end of the repayment period. In September 2011, the Board petitioned the Ohio Department of Development for a six month forbearance of principal and interest which was approved. Payments will resume in March 2012 with the interest being deferred until the end of the loan. In June 2012, the Board petitioned the Ohio Department of Development for a forbearance of principal and interest which was approved. Payments on interest will resume in January 2013 Principal payments will resume in July of 2013.

The commercial loan financed with Wesbanco is to assist with the cost associated with the construction of a 13,500 square foot facility in the Monroe Industrial Park. The loan is collateralized by an assignment of a land contract executed by Ohio Made Tires, LLC. (See Note 8)

The Promissory Notes between the Corporation and the Monroe County Chamber of Commerce, Pioneer Larger Parish of Monroe County, Wesbanco, Citizens National Bank of Woodsfield and Woodsfield Savings Bank were to cover costs related to the design, construction and operation of the Monroe County Multi-Tenant Building. The revenues of the Corporation are pledged to repay this debt. The Corporation does hold title to the building.

Amortization of the above debt is as follows:

Year Ending	Rural	Commercial	Promissory Note:	Promissory Note:	Promissory	Promissory Note:
	Industrial Park	Loan:	Monroe County	Larger Parish of	Note: Citizens	Woodsfield
	Loan	Wesbanco	Chamber of	Monroe County	National Bank	Savings Bank
			Commerce			
2013	\$ 17,383	\$ 4,538	\$ 375	\$ 166	\$ 557	\$ 1,663
2014	35,558	4,538	-	-	-	-
2015	36,639	5,139	-	-	-	-
2016	66,820	-	-	-	-	-
Totals	<u>\$ 156,400</u>	<u>\$ 14,215</u>	<u>\$ 375</u>	<u>\$ 166</u>	<u>\$ 557</u>	<u>\$ 1,663</u>

5. COMMERCIAL LEASES

A. MINERAL LEASE

On December 3, 2012, the Corporation entered in a five (5) year primary lease agreement with XTO Energy, Inc. (Lessee). The principal terms of the lease are as follows: 19.655 acres of land and all mineral rights therein shall be leased for a sum of \$5,000 per acre. The Corporations shall receive a twenty percent (20%) royalty on all oil extracted and Lessee is granted the option to renew this lease under the same provisions for a secondary primary term of five (5) years from the end of the initial primary term hereof.

In January 2013, the Corporation received a lease bonus in the amount of \$98,275.

Monroe County Community Improvement Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2012 and 2011

(Continued)

5. COMMERCIAL LEASES – (Continued)

B. BROADBAND

The Corporation entered into a two year lease with The Guernsey, Monroe and Noble Tri-County GMN for the purpose of housing the Broadband Community Center. The lease may be canceled upon 90 days written notice. The lease also contains a two year renewal option.

The lease amount was \$700 for 2011 and increased to \$1,000 in April 2012 for the remainder of the year. The lease agreement will be reviewed annually by the Board.

C. MONROE COUNTY BOARD OF ELECTIONS

The Corporation entered into a two year lease with the Monroe County Board of Elections for the purpose of housing the Monroe County Election office. The lease calls for the Elections Board to utilize 1,500sq. ft. of space at a cost of \$8/sq.ft. with a 3% acceleration cost per year. Due to the economic conditions, the Corporation has chosen not to increase the lease in 2012 or 2011.

D. PROJECT AND CONSTRUCTION SERVICE, INC.

The Corporation entered into a two year lease with Project and Construction Service, Inc. in November 2009 in the space occupied by the Corporation. The lease amount is \$750 per month plus \$400 per month for utilities that will be paid by the Corporation. Due to continued new school construction, a month to month agreement was reached continuing the current rates. As of January, 2013 PCI ended the lease with the Corporation.

6. RELATED PARTY

The Corporation's books are in the care of one of its board members, Tracey Craig, and the services that would otherwise be charged by a Certified Public Accountant are provided for a fee. The accounting fees paid to Tracey E. Craig Tax and Financial Services for the years ended December 31, 2012 and 2011 are \$3,000 and \$3,000, respectively.

7. REAL ESTATE TAX

During fiscal year 2012, the Corporation received notice it was declined tax exempt status on its real estate holdings. This resulted in a past due tax assessment of \$81,311 on the Ohio Made Tires Building and \$100,171 on the Black Walnut Center. Also, there is \$50 in other accrued taxes.

8. SUBSEQUENT EVENT

An agreement was reached with Ohio Made Tires, LLC (OMT) to purchase the 13,500 square foot facility in the Monroe Industrial Park under a land contract. OMT has since filed chapter 11 bankruptcy protection. As of December 31, 2012 OMT continues to occupy the building while restructuring under bankruptcy protection. The Corporation retained a bankruptcy attorney in order to have OMT vacate the facility. An agreement was reached, whereby; OMT would fully be vacated from the premises by May 15, 2013.

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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***

June 27, 2013

Monroe County Community Improvement Corporation
Monroe County
117 North Main Street
Woodsfield, OH 43793

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 **Monroe County Community Improvement Corporation**, Monroe County, Ohio (the Corporation) (a nonprofit organization), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements. and have issued our report thereon dated June 27, 2013.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting 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 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 basic 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*.

We did note a certain matter not requiring inclusion in this report that we reported to the Corporation's management in a separate letter dated June 27, 2013.

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.

Respectfully Submitted



Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION

MONROE 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, 2013**