



***COMMUNITY IMPROVEMENT CORPORATION OF  
GREATER CHILlicoTHE AND ROSS COUNTY***

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**ANNUAL FINANCIAL REPORT**

**For the Years Ended December 31, 2014 and 2013**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Dave Yost • Auditor of State

Board of Trustees  
Community Improvement Corporation  
of Greater Chillicothe, Ross County, including Chillicothe, Ohio, Inc.  
45 East Main Street  
Chillicothe, OH 45601

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation of Greater Chillicothe, Ross County, including Chillicothe, Ohio, Inc., Ross County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2013 through December 31, 2014. 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 Greater Chillicothe, Ross County, including Chillicothe, Ohio, Inc. is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

October 29, 2015

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**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,  
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.**

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For the Year Ended December 31, 2014 and 2013**

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## **Independent Auditor's Report**

Board of Trustees  
Community Improvement Corporation of  
Greater Chillicothe, Ross County, including  
Chillicothe, Ohio, Inc.  
45 East Main Street  
Chillicothe, OH 45601

We have audited the accompanying financial statements of the Community Improvement Corporation of Greater Chillicothe, Ross County, including Chillicothe, Ohio, Inc. (a nonprofit corporation) (the Corporation), which comprise the statement of financial position, as of December 31, 2014 and 2013, and the related statement 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 audits standards in the Comptroller General of the United States' *Governmental 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 the 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 controls relevant to the entity'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 entity'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 have obtained is sufficient and appropriate to support our audit opinion.

Board of Trustees  
Community Improvement Corporation of  
Greater Chillicothe, Ross County, including  
Chillicothe, Ohio, Inc.  
Independent Auditor's Report

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Improvement Corporation of Greater Chillicothe, Ross County, including Chillicothe, Ohio, Inc. as of December 31, 2014 and 2013, and the respective changes in financial position and where applicable cash flows thereof for the years ended, in conformity 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 a report dated July 30, 2015 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. The 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.



J. L. Uhrig and Associates, Inc.  
Chillicothe, Ohio

July 30, 2015

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLCOTHE,  
ROSS COUNTY, INCLUDING CHILLCOTHE, OHIO, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2014 and 2013**

<b>ASSETS</b>		
	<b>2014</b>	<b>2013</b>
<b>CURRENT ASSETS</b>		
Cash	\$198,928	\$197,441
Prepaid Assets	327	312
<b>TOTAL CURRENT ASSETS</b>	<b>199,255</b>	<b>197,753</b>
<b>OTHER ASSETS</b>		
Industrial Park Land and Improvements Held for Resale	934,665	934,665
Furniture and Equipment	5,297	5,297
Building - Airport Hangar	535,000	535,000
Less: Accumulated Depreciation	(60,169)	(46,451)
Net Property and Equipment	480,128	493,846
<b>TOTAL OTHER ASSETS</b>	<b>1,414,793</b>	<b>1,428,511</b>
<b>TOTAL ASSETS</b>	<b>\$1,614,048</b>	<b>\$1,626,264</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accrued Real Estate Taxes	\$5,663	\$5,142
Accrued Interest Payable	1,400	17,864
Notes Payable - Current portion	58,554	57,145
<b>TOTAL CURRENT LIABILITIES</b>	<b>65,617</b>	<b>80,151</b>
<b>NONCURRENT LIABILITIES</b>		
Long-Term Notes Payable	399,836	430,390
<b>TOTAL LIABILITIES</b>	<b>465,453</b>	<b>510,541</b>
<b>NET ASSETS</b>		
Unrestricted - Undesignated	196,330	194,819
Unrestricted - Designated	949,340	917,970
Total Unrestricted	1,145,670	1,112,789
Temporarily Restricted	2,925	2,934
<b>TOTAL NET ASSETS</b>	<b>1,148,595</b>	<b>1,115,723</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$1,614,048</b>	<b>\$1,626,264</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,  
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>CHANGES IN NET ASSETS:</b>			
<b>OPERATING REVENUE AND OTHER SUPPORT:</b>			
Donations	\$13,710	\$0	\$13,710
Grants	15,500	0	15,500
Membership Dues	4,300	0	4,300
Rent	60,000	0	60,000
In-Kind Rent	2,400	0	2,400
Miscellaneous	0	0	0
Interest on Deposits	101	0	101
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>96,011</b>	<b>0</b>	<b>96,011</b>
<b>OPERATING EXPENSES:</b>			
Office Supplies	116	0	116
Accounting/Legal	1,015	0	1,015
Consulting Fees	19,054	0	19,054
Gateway Industrial Park Expenses	3,521	0	3,521
In-Kind Rent	2,400	0	2,400
Telephone	594	0	594
Insurance	1,880	0	1,880
Interest Expense	15,653	0	15,653
Miscellaneous	5,179	9	5,188
Depreciation Expense	13,718	0	13,718
<b>TOTAL OPERATING EXPENSES</b>	<b>63,130</b>	<b>9</b>	<b>63,139</b>
<b>CHANGE IN NET ASSETS</b>	<b>32,881</b>	<b>(9)</b>	<b>32,872</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,112,789</b>	<b>2,934</b>	<b>1,115,723</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$1,145,670</b>	<b>\$2,925</b>	<b>\$1,148,595</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,  
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>CHANGES IN NET ASSETS:</b>			
<b>OPERATING REVENUE AND OTHER SUPPORT:</b>			
Donations	\$6,923	\$0	\$6,923
Grants	16,850	0	16,850
Membership Dues	1,750	0	1,750
Rent	60,000	0	60,000
In-Kind Rent	2,400	0	2,400
Interest on Deposits	100	6	106
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>88,023</b>	<b>6</b>	<b>88,029</b>
<b>OPERATING EXPENSES:</b>			
Office Supplies	226	0	226
Accounting/Legal	6,002	0	6,002
Consulting Fees	21,414	0	21,414
Gateway Industrial Park Expenses	5,145	0	5,145
In-Kind Rent	2,400	0	2,400
Telephone	592	0	592
Insurance	1,789	0	1,789
Interest Expense	23,865	0	23,865
County Treasurer - Repair and Replacement Program	0	25,487	25,487
Depreciation Expense	13,718	0	13,718
<b>TOTAL OPERATING EXPENSES</b>	<b>75,151</b>	<b>25,487</b>	<b>100,638</b>
<b>CHANGE IN NET ASSETS</b>	<b>12,872</b>	<b>(25,481)</b>	<b>(12,609)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,099,917</b>	<b>28,415</b>	<b>1,128,332</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$1,112,789</b>	<b>\$2,934</b>	<b>\$1,115,723</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,  
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$32,872	(\$12,609)
<i>Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities:</i>		
Depreciation	13,718	13,718
<i>(Increase)/Decrease in Operating Assets:</i>		
Prepaid Expenses	(15)	(17)
<i>Increase/(Decrease) in Operating Liabilities:</i>		
Deferred Revenue	0	(1,350)
Accrued Interest Expense	(16,464)	1,399
Accrued Real Estate Tax Payable	521	(565)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	30,632	576
<b>CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal Paid on Notes and Loans	(29,145)	(27,800)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	(29,145)	(27,800)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,487	(27,224)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	197,441	224,665
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$198,928	\$197,441

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILlicothe, ROSS COUNTY,  
INCLUDING CHILlicothe, OHIO, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013**

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**NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY**

The Community Improvement Corporation of Greater Chillicothe, Ross County, including Chillicothe, Ohio, Inc. (the Corporation) is a nonprofit organization exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. The Corporation was formed in 1964 to encourage and promote the industrial, economic, commercial and civic development of Ross County and the territory surrounding the City of Chillicothe. Resources for the Corporation's activities are primarily provided by contributions from local governments and businesses.

The Corporation's functions are:

- 1) The administration of a Revolving Loan Fund, which makes low interest loans available to local business entities that encourage economic development and create jobs in the community.
- 2) The encouragement of both foreign and domestic investment in the local community, as well as publicizing the advantage of locating job-creating industries in the Chillicothe-Ross County area.
- 3) The Corporation facilitates real estate transactions for the County and City to encourage new business to locate in the community.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

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

**Basis of Presentation**

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. The Corporation has no permanently restricted net assets.

**Cash and Cash Equivalents**

The Corporation considers all short-term investments with an original maturity of three months or less when acquired to be cash equivalents for the cash flows statement. The Corporation had no cash equivalents at December 31, 2014 or 2013.

**Federal Income Taxes**

No provisions are made for federal, state, or local income tax because the Corporation is tax exempt under Section 501(c)(6) of the Internal Revenue Code.

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,  
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property Held for Resale

In October 1997, the City of Chillicothe transferred ownership of 91.945 acres of land to the Corporation. Design, survey, and other costs associated with the development of the property have been capitalized as incurred. Real estate taxes and insurance costs have been capitalized during the period during which activities necessary to get the property ready for its intended use are in progress.

Land held for resale is measured at fair value using other significant observable (Level 2) inputs. Land was recorded at the fair market value as of the date of the donation. The remaining balance of the asset was valued per invoices of contractors, real estate tax bills, and insurance premium invoices. The current fair market value approximates the Corporation's current asking price for the property.

Depreciation

The CIC provides for depreciation in amounts adequate to amortized costs over the estimated useful lives of the assets. Certain assets are being depreciated under the straight line method for both financial books and tax purposes. The lives of the assets and depreciation expenses under this method are in accordance with generally accepted accounting principles.

Revenue Recognition

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donations or property are recorded as contributions at their estimated fair value at the date of the donation.

Use of Estimates

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

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE, ROSS COUNTY,  
INCLUDING CHILLICOTHE, OHIO, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013**

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**NOTE 3 – CAPITAL ASSETS**

Capital assets and related accumulated depreciation at December 31, 2014 and 2013 are as follows:

	<b>Balance January 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2014</b>
<i>Nondepreciable Capital Assets:</i>				
Industrial Park Land and Improvements	\$934,665	\$0	\$0	\$934,665
Total Nondepreciable Capital Assets	934,665	0	0	934,665
<i>Depreciable Capital Assets:</i>				
Building – Airport Hangar	535,000	0	0	535,000
Furniture and Equipment	5,297	0	0	5,297
Total Depreciable Capital Assets	540,297	0	0	540,297
<i>Accumulated Depreciation:</i>				
Building – Airport Hangar	(41,154)	(13,718)	0	(54,872)
Furniture and Equipment	(5,297)	0	0	(5,297)
Total Accumulated Depreciation	(46,451)	(13,718)	0	(60,169)
Depreciable Capital Assets, Net	493,846	(13,718)	0	480,128
<b>Capital Assets, Net</b>	<b>\$1,428,511</b>	<b>(\$13,718)</b>	<b>\$0</b>	<b>\$1,414,793</b>

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,  
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013**

**NOTE 3 – CAPITAL ASSETS(Continued)**

	<b>Balance January 1, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2013</b>
<i>Nondepreciable Capital Assets:</i>				
Industrial Park Land and Improvements	\$934,665	\$0	\$0	\$934,665
Total Nondepreciable Capital Assets	934,665	0	0	934,665
<i>Depreciable Capital Assets:</i>				
Building – Airport Hangar	535,000	0	0	535,000
Furniture and Equipment	5,297	0	0	5,297
Total Depreciable Capital Assets	540,297	0	0	540,297
<i>Accumulated Depreciation:</i>				
Building – Airport Hangar	(27,436)	(13,718)	0	(41,154)
Furniture and Equipment	(5,297)	0	0	(5,297)
Total Accumulated Depreciation	(32,733)	(13,718)	0	(46,451)
Depreciable Capital Assets, Net	507,564	(13,718)	0	493,846
<b>Capital Assets, Net</b>	<b>\$1,442,229</b>	<b>(\$13,718)</b>	<b>\$0</b>	<b>\$1,428,511</b>

**NOTE 4 – RESTRICTIONS ON NET ASSETS**

The temporary restriction on net assets at the end of 2014 and 2013 relates to Community Development Block Grants received in prior years for use in the revolving loan program and program income generated through operation of the program.

**NOTE 5 – RELATED PARTY RELATIONSHIPS AND TRANSACTIONS**

The Chillicothe-Ross Chamber of Commerce and the Corporation have directors that are members of both boards. The Chillicothe-Ross Chamber of Commerce furnishes office space at no charge for use of the Corporation. The market value of space donated is \$2,400 for 2014 and 2013.

**NOTE 6 – NOTES PAYABLE**

In February 2000, the Corporation obtained a loan from the Ross County Development Fund in the amount of \$8,000. An additional \$10,000 was borrowed in March 2001. Another \$10,000 was borrowed in March 2002. These loans, totaling \$28,000, include repayment with 5% interest and will be repaid at the rate of \$934 per acre of land sold in the Gateway Interchange Industrial Park until paid in full. The balance is considered a current liability at both December 31, 2014 and 2013.

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE, ROSS COUNTY,  
INCLUDING CHILLICOTHE, OHIO, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013**

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**NOTE 6 – NOTE PAYABLE (Continued)**

In 2011, the Corporation took out a promissory note of \$535,000 from the Vinton County National Bank for the purchase of an airport hangar from T.R.M. Aviation, Inc. The Corporation then entered into a triple net lease agreement back to T.R.M. Aviation, Inc. and James Parks for the hangar. The fifteen year triple net lease payments are to be in the amount of \$5,000 per month for years one through five, \$5,450 per month for years six through ten, and \$5,600 per month for years eleven through fifteen.

Debt outstanding at December 31, 2014 and 2013 was as follows:

Description	Issue Date	Interest Rate	Balance 12/31/13	Issued	Retired	Balance 12/31/14	Due in One Year
Promissory Note	1/31/2000	5.00%	\$28,000	\$0	\$0	\$28,000	\$0
Airport Hangar	1/6/2011	5.75%	459,535	0	29,145	430,390	30,554
Total			<u>\$487,535</u>	<u>\$0</u>	<u>\$29,145</u>	<u>\$458,390</u>	<u>\$30,554</u>

Description	Issue Date	Interest Rate	Balance 12/31/12	Issued	Retired	Balance 12/31/13	Due in One Year
Promissory Note	1/31/2000	5.00%	\$28,000	\$0	\$0	\$28,000	\$0
Airport Hangar	1/6/2011	5.75%	487,335	0	27,800	459,535	29,145
Total			<u>\$515,335</u>	<u>\$0</u>	<u>\$27,800</u>	<u>\$487,535</u>	<u>\$29,145</u>

Principal and interest requirements to retire debt outstanding at December 31, 2014 are as follows:

Year end December 31	Airport Hangar		
	Principal	Interest	Total
2015	\$30,554	\$19,712	\$50,266
2016	32,032	18,234	50,266
2017	33,581	16,685	50,266
2018	35,206	15,060	50,266
2019	36,908	13,358	50,266
2020-2024	213,109	38,221	251,330
2025	49,000	1,266	50,266
Total	<u>\$430,390</u>	<u>\$122,536</u>	<u>\$552,926</u>

**NOTE 7 - CONCENTRATION OF CREDIT RISKS**

As of December 31, 2014 and 2013, the Corporation's depository balances were covered entirely by Federal Deposit Insurance Corporation (FDIC) Insurance.

**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Required By *Government Auditing Standards***

**Independent Auditor's Report**

Board of Trustees  
Community Improvement Corporation of  
Greater Chillicothe, Ross County, Including  
Chillicothe, Ohio, Inc.  
45 East Main Street  
Chillicothe, OH 45601

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 Community Improvement Corporation of Greater Chillicothe, Ross County, including Chillicothe, Ohio, Inc. (the Corporation), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated July 30, 2015.

**Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control that we consider to be material weakness.

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. We consider finding 2014-002 described in the accompanying schedule of findings to be material weakness.

Board of Trustees  
Community Improvement Corporation of Greater Chillicothe,  
Ross County, Including Chillicothe, Ohio, Inc.  
Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Required  
By *Government Auditing Standards*

### **Compliance and Other Matters**

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2014-001 and 2014-002.

### **Entity's Response to Findings**

The Corporation's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Corporation's responses and, accordingly, we express no opinion on them.

### **Purpose of this Report**

This report only describe the scope of our internal control and compliance testing and 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 in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

July 30, 2015

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILlicoTHE,  
ROSS COUNTY, INCLUDING CHILlicoTHE, OHIO, INC.  
SCHEDULE OF FINDING  
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013**

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

*Finding Number 2014-001*

**Financial Reporting - Material Noncompliance**

The Corporation did not file its 2014 or 2013 financial report with the Auditor of State within 120 days of fiscal year end and the annual reports were not available on the Corporation's web site or that of Ross County, nor has a notice been published in the local newspapers. No waivers were requested or granted for the report filing. Additionally, the Corporation maintains its general ledger on an accrual basis of accounting.

Ohio Rev. Code Section 1724.05 and Auditor of State Bulletin 2001-003 lists the following requirements for community improvement corporations regarding annual reporting:

1. The annual unaudited financial report is to be submitted to the Auditor of State, Local Government Services Division, unless the Auditor of State has granted a specific waiver.
2. The report must be prepared in accordance with generally accepted accounting principles, including footnote disclosures, and be certified by the Board of Directors or its Treasurer or other Chief Fiscal Officer.
3. The report should be filed with the Auditor of State within 120 days of fiscal year end.
4. The report shall be published on the corporation's web site, or if the corporation does not have a web site, on the web site of the county in which the corporation is located.

The Corporation has no employees and utilizes the services of a contract consultant. No policies or controls have been implemented to assign the duties for maintaining the general ledger on an accrual basis or for the review by appropriate Corporation officials to ensure compliance with applicable reporting requirements.

Ohio Revised Code Section 1724.06 outlines the repercussions to noncompliance. The Auditor of State must certify corporations to the Secretary of State if 1) a corporation files its annual report more than 90 days delinquent (i.e., does not file its annual GAAP financial statement report within 120 days of its fiscal year end) and if 2) a corporation does not present auditable records within 90 days of a determination by the Auditor of State that a corporation is unauditible. Upon certification, the Secretary of State is to cancel the corporation's articles of incorporation until the deficiency is remedied.

We recommend that the Corporation prepare annual accrual basis financial statements and timely remit the required reports to the Auditor of State.

**Management Response**

Management will review the possibilities for making the necessary adjustments and preparing financial statements to be filed with the Auditor of State.

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,  
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.  
SCHEDULE OF FINDING  
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013**

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***Finding Number 2014-002***

**Financial Statement Adjustments - Material Weakness/Material Noncompliance**

Rule 117-2-01(A) and 117-2-01(B)(1) of the Ohio Administrative Code directs all public offices to design and operate a system of internal control that is adequate to provide reasonable assurance regarding the reliability of financial reporting.

Sound financial reporting is the responsibility of the Management and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. It is also important to note that independent auditors are not part of an entity's internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to drafting financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes prior to audit.

The following audit adjustments were made to the December 31, 2014 financial statements:

1. To correctly record the Accumulated Depreciation.
2. To correctly record Capital Assets.
3. To correctly record Cash.
4. To correctly record Interest Payable.
5. To correctly record Real Estate Taxes.
6. To correctly record Short and Long Term Notes Payable.
7. To correctly record Fund Equity (unrestricted-undesignated, unrestricted-designated & Temporarily Restricted).
8. To correctly record In-Kind Rent.
9. To correctly record Loan Payments.
10. To correctly record Interest Expense.
11. To correctly record Depreciation Expense.
12. To correctly record Prepaid Expense.
13. To correctly record Donations.
14. To correctly record Grant Revenue.
15. To correctly record Gateway Expense.
16. To correctly record Insurance Expense.

The following audit adjustments were made to the December 31, 2013 financial statements:

1. To correctly record Short and Long Term Notes Payable.
2. To correctly record Interest Expense.

These proposed adjustments have been made to the financial statements.

The lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,  
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.  
SCHEDULE OF FINDING  
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013**

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***Finding Number 2014-002-continued***

We recommend the Corporation adopt policies and procedures for controls over recording of financial transactions and over financial reporting to help ensure the information accurately reflects the activity of the Corporation and thereby increasing the reliability of the financial data throughout the year.

**Management Response**

Management will review the possibilities for making the necessary adjustments and preparing financial statements to be filed with the Auditor of State.

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,  
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR YEARS ENDED DECEMBER 31, 2014 and 2013**

<b>Finding Number</b>	<b>Description</b>	<b>Status</b>	<b>Comments</b>
	<i>Government Auditing Standards:</i>		
2012-01	Financial Reporting	Not Corrected	Reissued as finding 2014-001
2012-02	Financial Statement Adjustments	Not Corrected	Reissued as finding 2014-002

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# Dave Yost • Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE  
ROSS 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 10, 2015**