

***CIRCLEVILLE-PICKAWAY
COMMUNITY IMPROVEMENT CORPORATION
PICKAWAY COUNTY***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2014 & 2013



Dave Yost • Auditor of State

Board of Directors
Circleville Pickaway Community Improvement Corporation
114 West Franklin Street
Circleville, Ohio 43113

We have reviewed the *Independent Auditor's Report* of the Circleville Pickaway Community Improvement Corporation, Pickaway County, prepared by Charles E. Harris & 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 Circleville Pickaway Community Improvement Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

November 9, 2015

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CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

AUDIT REPORT

For the Years Ending June 30, 2014 and 2013

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Circleville-Pickaway Community Improvement Corporation
Pickaway County
114 West Franklin Street, P.O. Box 506
Circleville, Ohio 43113

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Circleville-Pickaway Community Improvement Corporation, Pickaway County, Ohio (the CIC), (a not-for-profit corporation), which comprise the statements of financial position, the related statements of activities and changes in net assets and cash flows, as of and for the years ended December 31, 2014 and 2013, 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 those risks of financial statement material misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the CIC'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 CIC'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 overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Circleville-Pickaway Community Improvement Corporation, Pickaway County as of December 31, 2014 and 2013, and the changes in its financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2015, on our consideration of the CIC'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 CIC's internal control over financial reporting and compliance.

Charles E. Harris

Charles E. Harris & Associates, Inc.

July 15, 2015

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION
PICKAWAY COUNTY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 111,398	\$ 122,506
Certificate of Deposit	99,658	99,015
Accounts Receivable	3,800	7,300
TOTAL CURRENT ASSETS	214,856	228,821
PROPERTY AND EQUIPMENT		
Leasehold Improvement	23,658	23,658
Office Furniture and Equipment	14,092	14,092
	37,750	37,750
Accumulated Depreciation	(18,041)	(16,185)
NET PROPERTY AND EQUIPMENT	19,709	21,565
OTHER ASSETS		
Long-lived assets available for sale		
original cost of \$1,255,000	658,000	658,000
Investments	21,059	19,832
Notes Receivable	-	2,486
TOTAL OTHER ASSETS	679,059	680,318
TOTAL ASSETS	\$ 913,624	\$ 930,704
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Prepaid rent	\$ 2,090	\$ 2,000
Accounts payable	1,296	873
Mortgage note payable	18,258	19,702
Security deposits held	3,000	3,000
Accrued payroll and related taxes	6,588	1,249
TOTAL CURRENT LIABILITIES	31,232	26,824
LONG TERM LIABILITIES		
Mortgage note payable	399,846	408,936
TOTAL LIABILITIES	431,078	435,760
NET ASSETS		
Unrestricted	481,979	494,377
Temporarily restricted	567	567
TOTAL NET ASSETS	482,546	494,944
TOTAL LIABILITIES AND NET ASSETS	\$ 913,624	\$ 930,704

The accompanying notes are an integral part of the financial statements

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION
PICKAWAY COUNTY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 206,150	\$ -	\$ 206,150
Interest income	683	-	683
Investment income	1,326	-	1,326
In-kind contributions	7,597	-	7,597
Reimbursements	2,307	-	2,307
Rent Income	36,000	-	36,000
TOTAL SUPPORT AND REVENUE	<u>254,063</u>	<u>-</u>	<u>254,063</u>
EXPENSES:			
Personnel costs	151,902	-	151,902
Dues and subscriptions	12,770	-	12,770
Supplies	2,061	-	2,061
Telephone	1,467	-	1,467
Meetings	725	-	725
Professional fees	19,096	-	19,096
Marketing	1,681	-	1,681
Utilities	3,133	-	3,133
Depreciation	1,856	-	1,856
Liability insurance	1,119	-	1,119
Travel and entertainment	3,601	-	3,601
Repairs and maintenance	307	-	307
Green building expense	40,909	-	40,909
Payroll processing fees	2,122	-	2,122
Projects	22,418	-	22,418
Miscellaneous	1,294	-	1,294
TOTAL EXPENSES	<u>266,461</u>	<u>-</u>	<u>266,461</u>
DECREASE IN NET ASSETS	(12,398)	-	(12,398)
Net assets, beginning of year	<u>494,377</u>	<u>567</u>	<u>494,944</u>
Net assets, end of year	<u>\$ 481,979</u>	<u>\$ 567</u>	<u>\$ 482,546</u>

The accompanying notes are an integral part of the financial statements

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION
PICKAWAY COUNTY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Grants	\$ 50,955	\$ -	\$ 50,955
Contributions	200,450	-	200,450
Interest income	1,997	-	1,997
Investment income	2,189	-	2,189
In-kind contributions	7,023	-	7,023
Reimbursements	2,277	-	2,277
Rent Income	25,625	10,625	36,250
Miscellaneous	420	-	420
	<u>290,936</u>	<u>10,625</u>	<u>301,561</u>
Net assets released from restrictions	<u>12,000</u>	<u>(12,000)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>302,936</u>	<u>(1,375)</u>	<u>301,561</u>
EXPENSES:			
Personnel costs	142,946	-	142,946
Dues and subscriptions	13,554	-	13,554
Supplies	2,314	-	2,314
Telephone	1,852	-	1,852
Meetings	733	-	733
Professional fees	21,098	-	21,098
Marketing	1,713	-	1,713
Utilities	2,776	-	2,776
Depreciation	26,564	-	26,564
Liability insurance	4,220	-	4,220
Equipment rental	409	-	409
Travel and entertainment	2,267	-	2,267
Repairs and maintenance	62	-	62
Janitorial	619	-	619
Green building expense	29,157	-	29,157
Payroll processing fees	2,717	-	2,717
Bad debts	9,500	-	9,500
Projects	57,030	-	57,030
Write down of assets held for sale	490,750	-	490,750
Miscellaneous	550	-	550
	<u>810,831</u>	<u>-</u>	<u>810,831</u>
DECREASE IN NET ASSETS	(507,895)	(1,375)	(509,270)
Net assets, beginning of year	<u>1,002,272</u>	<u>1,942</u>	<u>1,004,214</u>
Net assets, end of year	<u>\$ 494,377</u>	<u>\$ 567</u>	<u>\$ 494,944</u>

The accompanying notes are an integral part of the financial statements

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION
PICKAWAY COUNTY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (12,398)	\$ (509,270)
Adjustments to reconcile (decrease) in position to net cash provided by operating activities:		
Depreciation expense	1,856	26,564
Unrealized gain in value of investments	(466)	(1,590)
Write down of assets held for sale	-	490,750
Realized gain on sale of investments	(12)	-
Changes in assets and liabilities:		
Accounts receivable	3,500	8,308
Notes receivable	2,486	4,248
Accounts payable	424	(590)
Prepaid rent	90	(1,000)
Accrued payroll and related taxes	5,339	688
Net cash provided by operating activities	819	18,108
 CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposition of investment	99	-
Interest and dividends reinvested	(1,491)	(2,443)
Net cash used by investing activities	(1,392)	(2,443)
 CASH FLOW FROM FINANCING ACTIVITIES		
Payments on mortgage note payable	(10,535)	(27,862)
Net cash used by financing activities	(10,535)	(27,862)
 Net decrease in cash and cash equivalents	(11,108)	(12,197)
Cash and cash equivalents at beginning of year	122,506	134,703
 Cash and cash equivalents at end of year	\$ 111,398	\$ 122,506

Noncash transactions:

In-kind contributions for donated services were received for \$7,023 in 2013 and \$7,597 in 2014.

The accompanying notes are an integral part of the financial statements

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

ORGANIZATION AND NATURE OF ACTIVITIES

The Circleville-Pickaway Community Improvement Corporation (the Organization), doing business as the Pickaway Progress Partnership (P³) is the economic development agent for Pickaway County and its municipalities. P³ has three main objectives: promote and market the advantages of locating business in the County; promote a stronger business environment by facilitating retention and expansion efforts of local employers; and deliver a seamless network of economic development services and value-added programs to existing businesses, local government, and prospective companies throughout Pickaway County. P³ is a non-profit corporation with a board of directors comprised of leaders from the public and private sectors. P³ receives its funding from a variety of investors in the public and private sectors.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The Organization's policy is to prepare its financial statements on the accrual basis of accounting; consequently, certain revenues are recognized when earned rather than when received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed. However, the Organization does have a departure from accounting principles generally accepted in the United States of America disclosed in the report and the footnote entitled "PLEDGES RECEIVABLE". The effect of this departure is not material to the financial statements.

In accordance with accounting principles generally accepted in the United States of America, the Organization 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. Accordingly, net assets of Circleville-Pickaway Community Improvement Corporation and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor imposed restrictions. This includes amounts from some funding sources that require the funds to be spent on activities within the scope of the Organization.

Temporarily Restricted Net Assets - Net assets subject to donor imposed stipulations that may or will be met, either by the activities of the Organization or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that are maintained permanently by the Organization. P³ has no permanently restricted net assets.

Income Taxes - The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

The Organization complies with ASC 740-10 related to uncertain tax positions. ASC 740-10 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return. Management is not aware of any tax positions taken by the Organization on its tax returns that they consider to be uncertain or that will jeopardize its tax exempt status. Tax returns for the years ended 2011, 2012 and 2013 are open and subject to examination by the Internal Revenue Service.

Cash and Cash Equivalents - Short-term, highly liquid investments that are readily convertible to known amounts of cash, including money market accounts, and have original maturities of three months or less are considered to be cash equivalents.

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 2014 and 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts Receivable - Accounts receivable represents that portion of pledges due from contributors for that year that were not paid at year end. Management considers economic conditions affecting its donors as well as their historical performance in determining whether or not an allowance for doubtful accounts is necessary. Based on this assessment management believes all amounts recorded are fully collectible. As noted in the PLEDGES RECEIVABLE footnote, the Organization does not record the amount of pledges due to be received in future years.

Property and Equipment - All significant expenditures for property and equipment, including improvements that significantly extend the assets life, are capitalized at cost and depreciated on the straight-line basis over the estimated useful lives of the assets, principally seven years for furniture and equipment, and 39 years for buildings and leasehold improvements. Expenditures for repair and maintenance are expensed as incurred. Donated property and equipment is recorded at fair value at the time of donation if the fair value can be reasonably determined.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset or asset group may not be recoverable. An impairment loss would be recognized in operations for the amount that the carrying value of an asset or asset group exceeds its fair value determined using applicable accounting standards.

During 2013, the Organization offered its warehouse building and five industrial lots for sale and, accordingly obtained an appraisal. In connection with that, the land and real property that was made available for sale was written down to its estimated net realizable value, less the expected 6% commission payable upon the sale, through a charge in the statement of activities of \$490,750 and depreciation was discontinued.

As required by generally accepted accounting principles, prior to the sale, these assets were presented separately on the statements of financial position as "Long-lived assets available for sale". Following are the categories of assets available for sale at original carrying value as of December 31, 2014:

Land	\$ 255,000
Buildings	<u>1,000,000</u>
	1,255,000
Accumulated depreciation	<u>(106,250)</u>
Net book value	<u>\$ 1,148,750</u>

Revenue and Expense Recognition - Revenues are recorded in the period for which they are awarded based upon signed contracts or, in the case of pledges, in the period the current year portion of the pledge becomes due. In the absence of a signed contract, revenues are recorded when earned or when the cash is received. Revenues received for specific purposes are used in accordance with applicable restrictions. Expenses are included in operations in the period they are incurred.

Contributed Services and Materials - Unpaid volunteers have made significant contributions of their time in the furtherance of the Organization's programs. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation. Contributed materials, if significant, are recorded in the statement of activities at fair value if readily determinable.

During the years ended December 31, 2014 and 2013, Pickaway County and other organizations made in-kind contributions in the form of office space, professional services, clerical support, materials and supplies and other services. In the event that these contributions could be reasonably valued and quantified, they were recorded in the statement of activities as "In-kind contributions" with offsetting expenses.

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS – Continued

December 31, 2014 and 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- Continued

Statement of Cash Flows – Cash and cash equivalents in the statement of cash flows includes restricted cash. There was no cash payments for interest or income taxes during the years ended December 31, 2014 and 2013.

The statement of cash flows includes noncash transactions in the form of in-kind contributions and services in the amount of \$7,597 (\$7,023 in 2013). The amount recorded as contributions was offset by expenses of the same amount.

Concentration of Credit Risk – The Organization’s cash balances in financial institutions at times throughout the year may exceed federally insured limits. No losses in such accounts have been experienced and, as a result, management believes it is not exposed to any significant credit risk related to its cash deposits.

Source of Support – The Organization receives some of its support from individuals and businesses operating in Pickaway County. Continued support is somewhat dependent upon economic conditions in the geographic area.

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management’s knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Subsequent Events – Subsequent events were evaluated through July 15, 2015.

PLEDGES RECEIVABLE

Pledges receivable represents that portion of pledges which have been invoiced but are unpaid at year end. They are recorded as accounts receivable on the balance sheet. Management considers economic conditions affecting its donors as well as their historical performance in determining whether or not an allowance for doubtful accounts is necessary. Based on this assessment management believes all amounts recorded are fully deductible.

During 2011, the Organization solicited contributions to be received over a period of time through a formal fund-raising campaign. Accounting principles generally accepted in the United States of America requires nonprofit organizations to record these “promises to give” as receivables and revenue at their net realizable value when certain conditions are met, depending on whether they are conditional, unconditional and the period of time involved. Management has not determined the net realizable value of these pledges, instead the Organization records revenues and receivables annually when an invoice is sent to the donor. There are no pledges remaining to be collected in future years.

MORTGAGE NOTE PAYABLE

In May of 2008, The Organization secured a mortgage note from the State of Ohio through the Director of Development. The loan was for the purpose of constructing a “green” commercial building near Ashville, Ohio.

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 2014 and 2013

MORTGAGE NOTE PAYABLE - Continued

The loan term is 15 years and requires no payments for years one through five, unless the building is sold or leased. If leased during that period, P³ is required to pay 50% of the lease proceeds to the State, which will be applied to the outstanding balance of the mortgage note. During years six through fifteen, interest will accrue at an annual rate of 3% plus a service fee of .25%.

In the sixth year of the term, 50% of the initial loan principal will be forgiven unless the building is sold at any time during the loan term. If sold at any time during the term of the loan, \$500,000 will be immediately due and payable to the State of Ohio and will reduce the outstanding loan balance. Beginning in year six (July 1, 2013), the outstanding principal balance began to be amortized and paid over the 120 months remaining (years six through fifteen) at the rate stated in the previous paragraph. Loan payments, including interest, commenced on August 1, 2013 and approximated \$4,460 during 2013 and will decrease over time. Regardless of any events, the maximum amount for repayment is \$500,000.

The loan is secured by a first mortgage on the land and building. In addition, in the event that P³ is unable to meet the monthly mortgage obligation, the Village of Ashville will provide a guarantee of up to \$20,000 annually and Pickaway County will guarantee any remaining unpaid balance. Principal payments required for the years subsequent to December 31, 2014 are as follows:

2015	\$ 18,258
2016	40,577
2017	41,811
2018	43,083
2019	44,393
2020 and after	229,982

During 2010 the Organization commenced leases with two tenants. As required by the mortgage note, the Organization remitted \$12,000 of the rental revenue of \$21,250 received through July 31, 2013, to the State of Ohio. Rent reimbursement to the State of Ohio ended August 1, 2013 when debt payments commenced.

LEASE AGREEMENTS

During 2010, the Organization entered into leases with two unrelated parties to lease space in the building. Both leases are for a term of 4 years, one beginning June 1, 2010 and one beginning July 1, 2010. The first tenant pays \$1,000 per month plus a charge for maintenance. The second tenant pays \$2,000 per month plus a charge for maintenance. Even though the lease agreement for the second tenant begins July 1, 2010, the tenant did not move in and begin paying rent until September 1, 2010. As a result, the leases expired August 31, 2014. Both tenants have remained in the buildings and are leasing on a month to month basis since the lease expirations.

Prior to the second tenant moving in, the Organization made improvements totaling \$34,000 to the building. The tenant paid for half of those improvements at the beginning of the lease period and is paying the remainder of the balance over the term of the lease (\$354 per month). No interest is charged on this loan and management believes the amount of any imputed interest would not be significant. Total lease income for the years ended December 31, 2014 and 2013 were \$36,000 and \$36,250, respectively.

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 2014 and 2013

LEASE AGREEMENTS - Continued

The Organization entered into a lease for the use of office equipment, which is classified as an operating lease. Lease expense charged to operations during 2013 was \$409. The lease expired in March 2013 at which time the Organization purchased the equipment.

RETIREMENT PLAN

The Organization sponsors a qualified defined contribution retirement plan for its employees. Contributions made to the plan and recorded in the statement of activities for 2014, were \$8,263 (\$9,183 for 2013).

INVESTMENTS

The investments represent an endowment fund held for the Organization at the Pickaway County Community Foundation and managed by the Columbus Foundation. The fund maintains a balanced portfolio with an equity exposure of 30-60%. The investments are presented on the statements of financial position at fair value on the year end date. Investment income, gains and losses are reported in the statement of activities and nets assets. The original cost of the investment was \$20,038 at December 31, 2014 and unrealized gains of \$466 were recorded for the year then ended.

FAIR VALUE MEASUREMENTS

The Organization complies with FASB ASC 820 *Fair Value Measurements and Disclosures* to account for and report fair value. ASC 820 provides a single definition of fair value, a framework for measuring fair value and expanded disclosures concerning fair value. The standard defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Fair values of certain assets are determined based on the fair value hierarchy established in this standard, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs that reflect assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. The standard describes three levels within its hierarchy that may be used to measure fair value which are:

Level 1 – Values are based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Values are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Values are generated from unobservable inputs that are supported by little or no market activity and that are a significant component of the fair value of the assets or liabilities. These unobservable inputs would reflect management's estimates of assumptions that market participants would use in pricing related assets or liabilities. Valuation techniques might include the use of pricing models, discounted cash flow models or similar techniques.

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 2014 and 2013

FAIR VALUE MEASUREMENTS - Continued

The following table presents the assets and liabilities included in the balance sheet that are carried at fair value measured on a recurring basis and indicates the level within the fair value hierarchy utilized to determine such value:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Fair Value Measurements using:</u>	
			<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
December 31, 2014				
Investments	\$ 21,059	\$ -	\$ 21,059	\$ -
December 31, 2013				
Investments	\$ 19,832	\$ -	\$ 19,832	\$ -

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the classification of fair value assets and liabilities within the fair value hierarchy levels. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The investments are maintained in a balanced fund by a third party. The majority of the securities in the fund are publicly traded and the fair value is determined using the closing prices or net asset values of the underlying securities as of December 31, 2014 and 2013. As a result, these items are listed as Level 2.

The carrying value of financial instruments classified as current assets and current liabilities, approximate fair value due to the short-term maturity of the instruments.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Circleville-Pickaway Community Improvement Corporation
Pickaway County
114 West Franklin Street, P.O. Box 506
Circleville, Ohio 43113

To the Board of Directors:

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 Circleville-Pickaway Community Improvement Corporation, Pickaway County, Ohio (the CIC), (a not-for-profit corporation), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated July 15, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the CIC'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 CIC'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 CIC'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 CIC'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*.

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 CIC's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the CIC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

July 15, 2015

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Dave Yost • Auditor of State

CIRCLEVILLE PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

PICKAWAY 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 19, 2015**