



Dave Yost • Auditor of State

**MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Monroe County Community Improvement Corporation
Monroe County
132 South Main Street
Woodsfield, Ohio 43793

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Monroe County Community Improvement Corporation, Monroe County, Ohio (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 as listed in the table of contents.

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 Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Monroe County Community Improvement Corporation, Monroe County, Ohio, 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 December 21, 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 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

December 21, 2015

Monroe County Community Improvement Corporation
Statements of Financial Position
December 31, 2014 and 2013

	2014	2013
Current Assets		
Cash and Cash Equivalents	\$ 151,208	\$ 30,009
Prepaid Expense	1,958	1,602
Accounts Receivable	885	326
Total Current Assets	154,051	31,937
Capital Assets		
Land	555,000	555,000
Building, Furniture and Equipment	1,436,304	1,971,654
Total Capital Assets	1,991,304	2,526,654
Less: Accumulated Depreciation	(390,655)	(542,595)
Net Capital Assets	1,600,649	1,984,059
Total Assets	\$ 1,754,700	\$ 2,015,996
Current Liabilities		
Accrued Taxes	\$ 106,881	\$ 200,997
Accrued Payroll Liabilities	426	501
Deferred Interest	0	7,636
Current Portion of Notes Payable	0	40,322
	107,307	249,456
Long-Term Liabilities		
Notes Payable (net of current portion)	0	108,373
Total Long-Term Liabilities	0	108,373
Total Liabilities	107,307	357,829
Net Assets		
Unrestricted	1,647,393	1,658,167
Total Net Assets	1,647,393	1,658,167
Total Liabilities and Net Assets	\$ 1,754,700	\$ 2,015,996

See accompanying notes to the financial statements.

Monroe County Community Improvement Corporation
Statements of Activities
For Years Ending December 31, 2014 and 2013

	2014	2013
Revenue		
Lease Income	\$ 0	\$ 98,275
Miscellaneous Income	0	286
Program Fees	4,292	6,670
Rent Income	30,000	20,350
Utility Reimbursement	7,983	3,584
Total Revenue	42,275	129,165
Operating Expenses		
Wages and Fringe Benefits	5,605	5,916
Accounting and Professional Fees	9,681	11,979
Supplies	382	357
Real Estate Taxes	67,078	54,601
Utilities	16,266	11,988
Insurance Expense	6,438	4,119
Service Charges	522	427
Rent	1,400	1,100
Repairs and Maintenance	4,285	2,105
Advertising	44	192
Miscellaneous	4,383	3,588
Dues and Subscriptions	0	200
Depreciation	45,388	50,563
Interest Expense	3,116	5,111
License, Permits & Fees	250	426
Total Operating Expenses	164,838	152,672
Operating (Loss)	(122,563)	(23,507)
Non-Operating Revenue (Expenses)		
Other Income	111,789	0
Change in Net Assets	(10,774)	(23,507)
Net Assets at January 1	1,658,167	1,681,674
Net Assets at December 31	\$ 1,647,393	\$ 1,658,167

See accompanying notes to the financial statements.

Monroe County Community Improvement Corporation
Statements of Cash Flows
For Years Ending December 31, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities		
Cash Received	\$ 47,275	\$ 128,846
Cash Payments for Employee Services and Benefits	(5,180)	(5,414)
Cash Payments for Goods and Services	(102,587)	(77,505)
	(60,492)	45,927
Net Cash Provided By (Used in) Operating Activities	(60,492)	45,927
Cash Flows from Financing Activities		
Principal Payments on Loans	(148,695)	(24,682)
Deferred Interest	(7,636)	0
	(156,331)	(24,682)
Net Cash Provided By (Used In) Financing Activities	(156,331)	(24,682)
Cash Flows from Investing Activities		
Sale of Capital Asset	535,350	0
Decrease in Accumulated Depreciation	(197,328)	0
	338,022	0
Net Cash Provided By (Used In) Investing Activities	338,022	0
Net Increase in Cash and Cash Equivalents	121,199	21,245
Beginning Cash Balance	30,009	8,764
Ending Cash Balance	\$ 151,208	\$ 30,009
RECONCILIATION OF CHANGES IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in Net Position	\$ (10,774)	\$ (23,507)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	45,388	50,563
Changes in assets and liabilities:		
Decrease (increase) in Prepaid Expense	(356)	(812)
Decrease (increase) in Accounts Receivable	(558)	190
Increase (decrease) in Accrued Interest	0	(33)
Increase (decrease) in Accrued Taxes	(94,116)	19,465
Increase (decrease) in Payroll Liabilities	(76)	61
Total Adjustments	(49,718)	69,434
Net cash provided by (Used In) Operating Activities	\$ (60,492)	\$ 45,927

See accompanying notes to the financial statements.

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Community Improvement Corporation, Monroe County
Notes to the Financial Statements
December 31, 2014 and 2013

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 § 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 § 1724.10.

Management believes the financial statements included in this report represent all of the funds 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 Statements of Cash Flows, 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 § 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 the estimated useful lives by the straight-line method for 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.

Community Improvement Corporation, Monroe County
Notes to the Financial Statements
December 31, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

2. CASH

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

	2014	2013
Demand Deposits	\$ <u>151,208</u>	\$ <u>30,009</u>

Deposits are insured by the Federal Deposit Insurance Corporation.

3. CAPITAL ASSETS

The Corporation owns a 13,500 square foot facility in the Monroe Industrial Park (IPS Building) and the Black Walnut Center, a multi-tenant building. During fiscal year 2014, the Corporation sold the IPS Building to Pioneer Pipe Inc. for \$505,000.

During fiscal year 2012, the Corporation received a donation of 40.774 acres of land with an appraised market value of \$525,000. The corporation assumed all mineral rights associated with the property, and the property is being held for future development within Monroe County, Ohio.

Property and equipment consists of:

	2014	2013
Land	\$ 555,000	\$ 555,000
Building	1,434,615	1,969,965
Equipment	1,122	1,122
Furniture and Fixtures	567	567
Total Property and Equipment	1,991,304	2,526,654
Less: Accumulated Depreciation	(390,655)	(542,595)
Net Total	\$1,600,649	\$1,984,059

Community Improvement Corporation, Monroe County
Notes to the Financial Statements
December 31, 2014 and 2013

4. DEBT

Debt outstanding at December 31, 2014 is as follows:

Name	Principal Outstanding 12/31/13	Additions	Deductions	Principal Outstanding 12/31/14	Due Within One Year
Rural Industrial Park Loan - 3%	\$139,017	\$0	\$139,017	\$0	\$0
Commerical Loan - Wesbanco - 4.25%	9,678	0	9,678	0	0
Totals	<u>\$148,695</u>	<u>\$0</u>	<u>\$148,695</u>	<u>\$0</u>	<u>\$0</u>

Debt outstanding at December 31, 2013 is as follows:

Name	Principal Outstanding 12/31/12	Additions	Deductions	Principal Outstanding 12/31/13	Due Within One Year
Rural Industrial Park Loan - 3%	\$156,400	\$0	\$17,383	\$139,017	\$35,558
Commerical Loan - Wesbanco - 4.25%	14,215	0	4,537	9,678	4,764
Promissory Note Monroe County Chamber of Commerce - 0%	375	0	375	0	0
Promissory Note - Pioneer Larger Parish - 0%	166	0	166	0	0
Promissory Note - Woodsfield Savings Bank - 6%	1,663	0	1,663	0	0
Promissory Note - Citizens National Bank - 2.275%	557	0	557	0	0
Totals	<u>\$173,376</u>	<u>\$0</u>	<u>\$24,681</u>	<u>\$148,695</u>	<u>\$40,322</u>

The Rural Industrial Park Loan, originally issued for \$484,463, was 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 (IPS Building). The loan did 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 2010, in the month of September, this loan went into forbearance and all interest is to be deferred to the end of the repayment period. In September 2010, the Board petitioned the Ohio Department of Development for a six month forbearance of principal and interest which was approved. Payments resumed in March 2011, however, the loan went into forbearance again in the month of September 2011 for six months with the interest being deferred until the end of the loan.

Community Improvement Corporation, Monroe County
Notes to the Financial Statements
December 31, 2014 and 2013

4. DEBT - CONTINUED

During fiscal year 2012, the Corporation took an additional forbearance for the months of July through December with the interest being deferred until the end of the loan. At the beginning of fiscal year 2013, due to continued lack of payment from Ohio Made Tires, LLC, the Corporation requested an additional six-month forbearance of principal only.

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.

During fiscal year 2014, the Corporation sold the IPS building to Pioneer Pipe Corporation for \$505,000. Both remaining loans and the deferred interest on the Rural Industrial Park loan were paid in full.

5. COMMERCIAL LEASES

A. 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 \$1,000 for 2014 and 2013. The lease agreement will be reviewed annually by the Board.

B. 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 chose not to increase the lease fee for fiscal year 2013. The Board of Elections terminated the lease effective September 2013.

C. AK Apparel LLC

The Corporation entered into lease negotiations with an option to purchase with AK Apparel LLC in August 2014 in the space formally occupied by the Board of Elections and the remaining warehouse. The lease amount is \$3,000 per month plus any utilities that will be paid by the Corporation. AK moved in August 2014 but a final contract has not been signed as contract negotiations are ongoing. A verbal month to month lease has been agreed upon until the final contract is signed.

6. REAL ESTATE TAX

During fiscal year 2012, the Corporation received notice that it was declined tax exempt status on its real estate holdings. This resulted in a past due tax assessment of \$81,311 on the IPS Building and \$100,171 to the Black Walnut Center. As of December 31, 2014 and 2013, the total amount of delinquent real estate taxes due on the IPS Building were \$0 and \$78,023 respectively and the Black Walnut Center were \$106,881 and 122,974 respectively.

Community Improvement Corporation, Monroe County
Notes to the Financial Statements
December 31, 2014 and 2013

7. MINERAL LEASE

On December 3, 2012, the Corporation entered into a five (5) year primary term 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 Corporation shall receive a twenty percent (20.00%) 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.

8. RELATED PARTY

The Corporation's books are in the care of one of its board members and the services that would otherwise be charged by a Certified Public Accountant are provided for a fee. The accounting fees for the years ended December 31, 2014 and 2013 are \$3,900 and \$3,900, respectively.

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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

Monroe County Community Improvement Corporation
Monroe County
132 South Main Street
Woodsfield, Ohio 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), 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 December 21, 2015.

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 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 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2014-001.

Entity's Response to Findings

The Corporation's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Corporation's response and, accordingly, we express no opinion on it.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

December 21, 2015

**MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-001

Noncompliance

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

The Corporation filed the 2014 and 2013 annual financial report with the Auditor of State's office on September 10, 2015, 133 and 498 days, respectively, after the 120 day requirement. Failure to file the annual financial report within 120 days of the fiscal year-end can result in fines and penalties.

The Community Improvement Corporation should file its annual financial reports with the Auditor of State within 120 days of the fiscal year end.

Officials' Response: The annual reports have always been filed timely in the past. The Treasurer has noted the deadline and will adhere to the time table going forward.

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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
JANUARY 12, 2016**