



Dave Yost • Auditor of State



**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Statement of Financial Position – As of December 31, 2014, 2013 and 2012 .....	3
Statement of Activities and Changes in Net Position – For the Years Ended December 31, 2014, 2013 and 2012 .....	5
Statement of Cash Flows – For the Years Ended December 31, 2014, 2013 and 2012 .....	6
Notes to the Financial Statements .....	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	17
Schedule of Findings.....	19

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation  
Meigs County  
238 West Main Street  
Pomeroy, Ohio 45769

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Community Improvement Corporation, Meigs County, Ohio (the Corporation) (a not-for-profit corporation), which comprise the statements of financial position, the related statements of activities and cash flows, as of and for the years ended December 31, 2014, 2013 and 2012, 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 Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of 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 Community Improvement Corporation, Meigs County, Ohio, as of December 31, 2014, 2013 and 2012, 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 January 28, 2016, 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

January 28, 2016

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2014, 2013 AND 2012**

	2014	2013	2012
<b><u>Unrestricted Assets</u></b>			
<b>Current Assets</b>			
<b><u>Cash and Cash Equivalents (see Note 5)</u></b>			
Cash in Bank - Checking - Regular Farmers B&S	\$89,660	\$112,770	\$155,006
Cash in Bank - Checking Farmers B&S- ODOD - II - Escrow	4,155	4,149	195,881
Cash in Bank - Checking Farmers B&S Revolving Loan	44,635	20,104	10
Cash - CD - Farmers B&S	53,525	53,154	52,782
Cash - Home National Bank - Savings	52,020	51,954	51,840
Cash in Bank - Computer Grant	2,587	0	0
Accounts Receivable - Prior Year Real Estate Taxes	4,625	0	0
Grants Receivable - ODOD Digital Works	80,000	0	0
Notes Receivable Mountaineer Metals	33,369	31,745	30,199
Current Notes Receivable - Revolving Loan	29,459	38,602	0
Revolving Loan - Past Due Amount	1,401	0	0
<b>Total Current Assets</b>	395,436	312,478	485,718
<b>Non-Current Assets</b>			
Long Term Notes Receivable Mountaineer Metals	53,531	47,825	79,571
Long Term Notes Receivable Revolving Loan	14,457	68,890	0
<b>Total Non-Current Assets</b>	67,988	116,715	79,571
<b>Fixed Assets</b>			
Land - Industrial Park	240,000	240,000	240,000
Improvements - Industrial Park	524,530	524,530	524,530
Building - State Garage - AEP	443,420	443,420	443,420
Land - Pomeroy Jr. High	74,900	74,900	74,900
Rem Ram Building	1,100,600	1,100,600	1,100,600
Spec II Building	1,331,241	0	0
Land - Rio Grande	657,000	657,000	657,000
Building - Rio Grande	2,579,295	2,579,295	2,579,295
Sewer - Rio Grande	71,152	71,152	71,152
Land - Monkey Run - Pomeroy	190,000	190,000	190,000
Land - Health Campus	391,082	391,082	373,142
CIP Holzer ER Building	5,882,439	1,350,122	0
CIP Spec Building II	0	1,241,258	931,283
Less: Accumulated Depreciation	(1,249,797)	(1,021,290)	(863,990)
<b>Total Fixed Assets</b>	12,235,862	7,842,069	6,321,332
<b>Total Non Current Assets</b>	12,303,850	7,958,784	6,400,903
<b>Total Unrestricted Assets</b>	\$12,699,286	\$8,271,262	\$6,886,621

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

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2014, 2013 AND 2012  
(Continued)**

	2014	2013	2012
<b><u>Liabilities and Unrestricted Net Position</u></b>			
<b>Current Liabilities</b>			
Accounts Payable	\$157,528	\$25,927	\$966
Unearned Income ODOD II	3,242	3,242	195,032
Prepaid Rents - Rio Grande	0	36,000	36,000
Interest Payable	19,568	12,834	16,612
Bonds Payable - Holzer Building	82,522	0	0
Notes Payable - Spec Building Note	43,186	41,911	40,674
Notes Payable - Spec Building II Note	6,508	0	0
Notes Payable - Sewer - Rio Grande	4,423	4,132	3,554
Notes Payable - Rio Grande - Land and Building	112,571	82,371	98,559
<b>Total Current Liabilities</b>	429,548	206,417	391,397
<b>Long-Term Liabilities</b>			
Bonds Payable - Holzer Building	5,182,227	1,562,744	234,988
Notes Payable - ODOD II	500,000	500,000	500,000
Notes Payable - Spec Building Note	236,449	279,634	321,545
Notes Payable - Spec Building II Note	76,876	0	0
Notes Payable - Sewer - Rio Grande	46,059	50,408	54,876
Notes Payable - Rio Grande - Land and Building	1,131,527	1,267,495	1,347,307
<b>Total Long-Term Liabilities</b>	7,173,138	3,660,281	2,458,716
<b>Unrestricted Net Position</b>			
Unrestricted Net Position - Prior	4,404,563	4,036,508	3,760,911
Unrestricted Net Position - Current	692,037	368,056	275,597
<b>Total Unrestricted Net Position</b>	5,096,600	4,404,564	4,036,508
<b>Total Liabilities and Unrestricted Net Position</b>	\$12,699,286	\$8,271,262	\$6,886,621

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**

	2014	2013	2012
<b>Operating Revenues:</b>			
<b>Increases in Unrestricted Net Assets</b>			
CIC Dues	\$800	\$800	\$350
Lease Revenue	381,806	323,868	332,241
Interest Revenue	8,487	5,672	7,606
Reimbursement of Prior Year Real Estate Tax	0	0	16,388
Prior Year Interest Revenue	0	0	83
Other Revenue	3,950	3,105	0
<b>Total Operating Revenues</b>	395,043	333,445	356,668
<b>Operating Expenses:</b>			
<b>Decreases in Unrestricted Net Assets</b>			
Advertising and Marketing	1,121	5,813	5,173
Benefits	9,500	0	0
Depreciation	228,508	157,300	157,300
Economic Workforce Expense	89,583	70,000	70,000
Interest Expense	125,501	102,376	145,007
Lease Payments - Meigs County	18,750	25,000	25,000
Meeting Expense	3,110	3,747	0
Miscellaneous	1,503	10,351	10,868
Mowing/Snow /Contract	6,720	8,933	3,167
Professional Fees	8,495	17,445	14,894
Property and Other Insurance	7,957	13,613	14,280
Real Estate Taxes	2,573	15,635	9,830
Repairs and Maintenance	2,707	3,236	23,257
Revolving Loan Expense	0	20	0
Supplies	260	2,724	337
Utilities	1,718	3,294	2,308
<b>Total Operating Expenses</b>	508,006	439,487	481,421
<b>Net Increase (Decrease) in Operating Expenses</b>	(112,963)	(106,042)	(124,753)
<b>Non-Operating Revenues (Expenses):</b>			
Intergovernmental Grants - ODOD	250,000	191,790	304,968
Intergovernmental Grants - ARC	250,000	155,410	95,382
Intergovernmental Grants - US DOT	225,000	0	0
Intergovernmental Grants - Revolving Loan	0	126,898	0
Intergovernmental Grants - ODOD Connect Ohio	100,000	0	0
Grant Expense - ODOD Connect Ohio	(20,000)	0	0
In-Kind Revenue	44,051	25,920	25,920
In-Kind Expense	(44,051)	(25,920)	(25,920)
<b>Total Non-Operating Revenues (Expenses)</b>	805,000	474,098	400,350
<b>Net Increase (Decrease) in Net Position</b>	\$692,037	\$368,056	\$275,597

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

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**

	2014	2013	2012
<b>Cash Flows from Operating Activities:</b>			
Net Increase (Decrease) in Net Assets	\$692,037	\$368,056	\$275,597
Adjustments to Reconcile Cash Flow			
Depreciation	228,508	157,300	157,300
Decrease (Increase) in Current Assets			
Accounts Receivable	(4,625)	0	4,054
Notes Receivable - Mountaineer Metals	(1,624)	(1,546)	(6,987)
Revolving Loans Receivable	9,142	(38,602)	0
Revolving Loans - Past Due Receivable	(1,401)	0	0
Grants Receivable	(80,000)	0	0
Increase (Decrease) in Current Liabilities			
Notes Payable - FB - Rio - Current	(69,807)	(50,562)	65,234
Notes Payable - HNB - Rio - Current	(35,961)	2,213	5,408
Unearned Income ODOD II	0	(191,790)	195,031
Prepaid Rents - Rio Grande	(36,000)		
Interest Payable	6,734	(3,778)	(2,377)
Accrued Expenses - Monkey Run	0	0	(98,119)
Accounts Payable	131,600	24,961	(3,578)
Note Payable - FB - Rio Sewer	(4,132)	578	86
Note Payable - ODOD	(41,911)	1,237	1,201
Current Portion of Long Term Debt	249,210	0	0
Total Adjustments	349,733	(99,989)	317,253
<b>Cash Provided (Used) by Operations</b>	1,041,770	268,067	592,850
<b>Cash Flows from Investing Activities:</b>			
Sales (Purchases) of Assets			
Notes Receivable - Revolving Loan	(14,100)	(68,890)	0
Current Portion of Long term Notes Receivable	29,459	0	0
Long Term Notes Receivable - Mountaineer Metals	33,369	31,745	35,717
Land - Industrial Park	0	524,530	524,530
Improvements - Industrial Park	0	(524,530)	(524,530)
Land - Health Campus	0	(17,940)	0
Spec Building II	(89,983)	0	0
CIP Holzer Building ER	(4,532,317)	(1,350,122)	0
CIP Spec Building II	0	(309,975)	(904,923)
<b>Cash Provided (Used) by Investing</b>	(4,573,572)	(1,715,182)	(869,206)
<b>Cash Flows from Financing Activities:</b>			
Cash (Used) or Provided by:			
Note Payable ODOD II		0	500,000
Note Payable - FB - Rio Grande	83,384	(14,249)	(120,894)
Note Payable - HNB Rio Grande		(33,402)	(36,285)
Note Payable ODOD		(41,911)	(40,674)
Note Payable - FB - Rio Grande Sewer	75	(4,468)	(3,691)
Note Payable - Holzer ER	3,702,006	1,562,743	0
Note Payable - B&S Hospital		(234,988)	0
Current Portion of Long Term Debt	(249,210)	0	0
<b>Cash (Used) or Provided by Financing</b>	3,536,255	1,233,725	298,456
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	4,453	(213,390)	22,100
<b>Cash and Cash Equivalents at Beginning of Year</b>	242,129	455,519	433,419
<b>Cash and Cash Equivalents - End of Reporting Year</b>	\$246,582	\$242,129	\$455,519

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

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**

**1. Description of Entity**

The Community Improvement Corporation, Meigs County, Ohio (the Corporation), is a not-for-profit corporation and was incorporated on March 26, 1964, under authority of Ohio Rev. Code § 1702.01. The Corporation is governed by an appointed Board of 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 Meigs County, Ohio.

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

**2. Summary of Significant Accounting Policies**

**A. Basis of Accounting**

The financial statements of the Corporation are maintained and have been presented on an accrual basis of accounting, consequently, revenues are recognized when earned and expenses are recognized when incurred. This is in accordance with the requirements of the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standard No. 117, Financial Statements for Not-for-Profit Organizations. Under FASB Statement No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets.

In 1997, the Corporation adopted Statement of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made" (SFAS No. 116) and Statement of Financial Accounting Standards No. 117, "Financial Statements for Not-For-Profit Organizations" (SFAS No. 117). The statements of the new standards have been applied to the years presented.

**B. Conditional Promises to Give**

As of the date of the financial statements, the Corporation had no conditional promises to give from any funding or potential funding source.

**C. Cash and Cash Equivalents**

Cash and cash equivalents (see Note 5) consist of cash held in checking and savings accounts and the face value of certificates of deposit. At year-end and throughout the year, the Corporation's cash balances were maintained by bonded staff or deposited into a local bank. Management believes that the Corporation is not exposed to any significant risk on cash and cash equivalents.

**D. Classification of New Assets**

Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

- **Unrestricted net assets** – Net assets that are not subject to donor-imposed stipulations.
- **Temporary restricted net assets** – Net assets subject to donor-imposed stipulation that may or will be met either by actions of the organization and/or the passage of time.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012  
(Continued)**

**2. Summary of Significant Accounting Policies (Continued)**

**D. Classification of New Assets (Continued)**

- **Permanently restricted net assets** – Permanently restricted net assets are those that may never be spent. Such net assets could include certain museum collection objects, which, by donor stipulation, may never be deaccessioned; or undeveloped land, which is subject to a perpetual conservation easement prohibiting future commercial use. Generally, the donors of these assets permitted organizations to use all or part of the income earned on related investments for general or specific purposes.

As of December 31, 2014, all funds in the Farmers Bank Computers for Students account, currently totaling \$2,587, is restricted to that program and requires signatures from both Paul Reed and Iva Sisson to disperse.

**E. Bad Debts**

It is the policy of the Corporation to write off bad debts incurred through its operations in the period in which the default occurred or its existence became known. Management does not believe, as of December 31, 2014, that any such default on its receivables are likely to occur; therefore, no estimate has been presented for any such uncollectible amounts.

**F. Depreciation**

The basis of depreciation is either cost or appraised value or estimated value of donated property. All depreciable assets are being depreciated under the straight line method for both financial book and tax purposes. As all depreciable assets are buildings and building improvements, the lives of these assets and depreciation is 30 years (one-half year in year one and one-half year in year thirty one). This method is in accordance with generally accepted accounting principles. Depreciation charged to operations was \$228,508 for the year ended December 31, 2014.

**G. Federal Income Tax**

No provisions are made for federal income tax and city income tax because the Corporation is tax exempt under Section 501(c)3 of the Internal Revenue Code. Accordingly, no provision for federal income tax is required. The Corporation has not entered into any transactions, which would subject it to unrelated business income tax. The Federal Return of Organizations Exempt from Income Tax for the Corporation is no longer subject to examination for the years ending prior to and including 2009. In the normal course of business, however the Corporation is subject to examination by various other taxing authorities. Although the outcome of such examination is always uncertain, management believes there are no significant unrecognized tax liabilities as of December 31, 2014.

**H. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012  
(Continued)**

**3. Fixed Assets**

Although fixed assets were formerly capitalized at cost (or estimated historical cost), during 2002 fixed assets values were adjusted to reflect fair market value, due to a lack of supporting documentation for actual cost. Fixed asset information is updated for additions and retirements during the year. Donated fixed assets are recorded at their estimated or appraised value as of the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

The Midwest Steel Building was sold to Mountaineer Metals, Inc. on May 17, 2006 for \$325,000 and the corporation received a down payment of \$50,000 and a note from Mountaineer Metals for \$275,000 secured by a first mortgage on the building and real estate. The term of this note is ten (10) years at a 5% interest rate with a monthly payment of \$2,916.80. Although the net book value of this building is \$651,667, the out of pocket cost was zero (0) as the building was contributed to the corporation and a grant that was used to renovate this building.

Rio Grande College Project – The Meigs Local School Board contributed 7.3534 acres of vacant land in the same area, as Meigs High School and Meigs Middle School which are located at County Road 25, Pomeroy Pike. The new building location for Rio Grande College will be a part of the Meigs High School and Meigs Middle School Campus and allow qualified high school students to attend Rio Grande College for college credit while in high school. Cheryl L. Lemley, Licensed Residential Appraiser, appraised this real estate at \$657,000 which is the amount this fixed asset is reflected on the Statement of Financial Position. In addition, the Corporation received a grant for \$150,000 from Governor's Office of Appalachia, State of Ohio, Department of Development and a grant for \$250,000 from the United States Department of Agriculture, Rural Housing Service and an Ohio Capital Budget Grant in the amount of \$200,000 for the Rio Grande Building. Amounts reflected in the balance sheet are land and building Rio Grande (\$3,236,295) for 12/31/2014 and Sewer-Rio Grande (\$71,152).

On October 12, 2007, the Corporation purchased land of approximately 1.1 acres on East Main Street, Pomeroy, Ohio 45769, with approximately 223 feet of frontage on the Ohio River from the Village of Pomeroy for \$70,000; improvements of \$4,900 have been made subsequently. There is a deed restriction that the Corporation or successor owners may not construct any permanent building or fixtures on the real estate that may prevent suitable and appropriate parking of vehicles during athletic and school related activities. Currently a Foundation has been formed to build a new athletic facility. If this is successful, this restriction would be lifted and a permanent building or fixture could be built.

The Corporation and the Ohio Department of Development entered into an agreement on May 16, 2011 that allowed the Corporation to borrow \$1,250,000 to invest in the construction of a 30,000 square foot facility to be located at 49728 East Park Drive (East Meigs Industrial Park) township of Orange, Meigs County, Ohio. The terms and conditions of the financing with the Ohio Department of Development consists of a \$500,000 grant from ODOD, a \$250,000 GOA grant, and \$500,000 that will be a loan interest free for five (5) years or until this facility is sold or leased. If leased, the \$500,000 loan will be repaid at a three percent (3%) interest rate for fifteen (15) years. On February 16, 2012, the contractor, Rick McCarty, signed a contract to construct this facility for \$987,683. The remaining \$262,319 in facility cost was used for engineering, permits, electrical and other associated costs of constructing this facility. This facility was then leased to Davis Pickering Company, 165 Enterprise Drive, Marietta, Ohio 45750 in December of 2013. In February 2014, CIC received an additional loan from Farmers Bank in the amount of \$83,384 in order to finance a fire suppression system. The lease payments were adjusted from \$8,750 to \$9,414 a month to compensate for the fire suppression system and bank financing payments. The terms of the lease purchase agreement is \$1,000,000 financed over 15 years at an interest rate of 4.75%.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012  
(Continued)**

**3. Fixed Assets (Continued)**

Holzer Health Systems purchased the land known as Hospital Property – Pomeroy for the construction of approximately thirteen thousand (13,000) square feet for a free standing emergency department. The project received their occupancy permit October 31, 2014. The cost of the project is approximately \$6,000,000 of which the Corporation obtained two grants for the project totaling \$500,000 and a loan from Ohio Valley bank for \$5,500,000. The first grant was from ODOD in the amount of \$250,000 and went toward the construction of the building. The second was an ARC grant for \$250,000 and was awarded for the purchase of equipment for the ER. \$225,000 of the grant was paid out in 2014. The remaining \$25,000 will be paid out after completion of the project. Financing for the project will be through Industrial Revenue Bonds which have been purchased by Ohio Valley Bank, 420 Third Avenue, Gallipolis, Ohio 45631 in the amount of \$5,500,000 for a fixed 30 year term at 4% tax exempt. All funds have been drawn down from the loan with OVB. Some expenses did carry into 2015.

Depreciation of buildings is computed using the straight-lined method over an estimated useful life of thirty (30) years.

The Corporation maintains no personal property assets; therefore, there is no threshold for personal property assets.

**4. Industrial Park**

The property consists of land that was purchased in the 90's for the development of an industrial park and sewer project on State Route 7 in Tupper Plains, Meigs County, Ohio. Since this purchase, further development includes a building for WeCan Fabricators, RemRam (Spec I), Dollar General, a car wash and Davis Pickering (Spec II). The Industrial Park was purchased on Land in Tupper Plains for \$240,000 with \$524,530 in subsequent capital improvements.

**5. Cash and Cash Equivalents**

The Corporation had the following deposits with local financial institutions:

	<u>December 31, 2014</u>		<u>December 31, 2013</u>	
	<u>Reconciled</u>	<u>Statement</u>	<u>Reconciled</u>	<u>Statement</u>
Farmers Bank and Savings - Regular Checking	\$89,660	\$121,196	\$112,770	\$128,972
Farmers Bank and Savings - Revolving Account	44,635	44,635	20,104	4,149
Farmers Bank and Savings - ODOD Escrow	4,155	4,155	4,149	20,104
Farmers Bank and Savings - Computers for Students	2,587	2,587	0	0
Home National Bank - Savings	52,020	52,020	51,954	51,954
Farmers Bank and Savings - CD	53,525	53,525	53,154	53,154
	<u>\$246,582</u>	<u>\$278,118</u>	<u>\$242,131</u>	<u>\$258,333</u>
	<u>December 31, 2012</u>			
	<u>Reconciled</u>	<u>Statement</u>		
Farmers Bank and Savings - Regular Checking	\$155,007	\$168,756		
Farmers Bank and Savings - Revolving Account	10	10		
Farmers Bank and Savings - ODOD Escrow	195,881	195,881		
Farmers Bank and Savings - Computers for Students	0	0		
Home National Bank - Savings	51,840	51,854		
Farmers Bank and Savings - CD	52,782	52,782		
	<u>\$455,520</u>	<u>\$469,283</u>		

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012  
(Continued)**

**5. Cash and Cash Equivalents (Continued)**

**Certificates of Deposit:** The Corporation also has one short term Certificates of Deposit being held at Farmers Bank with an initial investment amount of \$50,000 that has earned a total of \$3,525 in interest that has been rolled into the balance giving it a total ending balance as of December 31, 2014 of \$53,525. As of the dates of the financial statements, all of the Corporation's deposits are fully collateralized by the Federal Deposit Insurance Corporation, under the terms of Section 343 of the Dodd - Frank Wall Street Reform and Consumer Protection Act.

**Computer for Students:** This program was established to provide computers for school work to underprivileged students in Meigs County. Iva Sisson began raising funds for this program and approached Paul Reed, CEO of Farmers Bank and President of the Corporation, for aid with her project. She was able to obtain donations of outdated equipment from computer companies if they were donated to a nonprofit organization. All funds in this account are restricted to this program only and require the signature of both Iva Sisson and Paul Reed.

**Revolving Account:** The Farmers Bank and Savings revolving account is made up of payments received from various loans given to local businesses. The Corporation collected a total \$39,729 in 2014.

**6. Debt**

The Corporation's debt outstanding at December 31, 2014 was as follows

	Principal	Interest Rate
Holzer Building	\$5,264,750	4.0%
ODOD II	500,000	3.0%
Spec Building Note	279,634	3.0%
Spec Building II Note	83,384	5.27%
Sewer - Rio Grande	50,482	6.75%
Rio Grande - Land & Building	1,244,099	6.25%
Total	\$7,422,349	

The Holzer Building industrial development revenue bonds were issued on May 30, 2013 for \$5,500,000. The bonds will mature on May 29, 2043 and are for the acquisition, new construction, equipping and installation of the Holzer Emergency facility located on Pomeroy Pike in Meigs County, Ohio.

The 2011 Rural Industrial Park Loan through the Ohio Department of Development (ODOD II loan) was authorized for \$500,000. Payments on this loan will commence in February 2017. The loan will mature in January 2027 and is for the purpose of constructing a new 35,000 square foot commercial/industrial building located in Orange Township, Meigs County, Ohio.

The 2010 Spec Building note through the Ohio Department of Development was authorized for \$440,000. The note will mature in March 2019 and was for the purpose of constructing a commercial/industrial building on a site located on State Route 7, Pomeroy, Ohio.

The 2014 Spec Building II note through the Farmers Bank and Savings Company was authorized for \$83,384. Payments of interest only are due through February 2015. Thereafter, principal and interest payments of \$943.93 will be due monthly through June 2024. The note is for the purpose of installing a fire suppression system in the Tupper Plains Spec Building.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012  
(Continued)**

**6. Debt (Continued)**

The 2008 Sewer – Rio Grande note through Farmers Bank and Savings Company was issued for \$71,151.55. The note will mature in August 2023 and was for the construction and installation of the sewer system at the Rio Grande Building site.

The Rio Grande Building and Land note was issued on August 10, 2007 for \$1,758,565. The note will mature on August 10, 2023 and was for the acquisition and construction of a new building location for the University of Rio Grande. Upon maturity the facility, the title will be transferred to the University of Rio Grande.

The debt noted above will be paid from operating lease income received from various entities. (See Footnote 7 - Operating Leases)

The annual requirements to amortize debt outstanding as of December 31, 2014 including Interest are as follows:

Year Ending December 31:	Holzer Building	ODOD II	Spec Building Note	Spec Building II Note	Sewer - Rio Grande
2015	\$274,503	\$0	\$50,984	\$10,383	\$7,739
2016	327,892	0	50,984	11,327	7,739
2017	327,892	53,108	50,984	11,327	7,739
2018	327,892	57,936	50,984	11,327	7,739
2019	327,892	57,936	122,661	11,327	7,739
2020-2024	1,639,460	289,682	0	50,039	28,359
2025-2029	1,639,460	120,701	0	0	0
2030-2034	1,639,460	0	0	0	0
2035-2039	1,639,460	0	0	0	0
2040-2043	819,730	0	0	0	0
	\$8,963,641	\$579,363	\$326,597	\$105,730	\$67,054

Year Ending December 31:	Rio Grande - Land and Building	Total
2015	\$187,133	\$530,742
2016	187,133	585,075
2017	187,133	638,183
2018	187,133	643,011
2019	187,133	714,688
2020-2024	724,137	2,731,677
2025-2029	0	1,760,161
2030-2034	0	1,639,460
2035-2039	0	1,639,460
2040-2043	0	819,730
	\$1,659,802	\$11,702,187

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012  
(Continued)**

**7. Operating Leases**

The Corporation had operating leases in effect as of December 31, 2014 with various entities for rental of building space. The details of these operating leases are as follows:

- Lease of New Spec Building at 49705 East Park Drive, Tupper's Plains, Ohio 45783 – An agreement was made and concluded between the Corporation and Rem Ram Recovery, LLC, an Ohio Limited Liability Company of Reedsville, Ohio, hereafter called "Rem Ram". Rem Ram shall commence payments on September 1, 2010. Rem Ram shall then pay for the remaining fifteen (15) years of the term annual payments in the amount of \$84,598.68 payable in advance in equal monthly installments of \$7,049.89 at the office of the Corporation. The Corporation hereby grants to Rem Ram an option to purchase the leased premises herein at any time during the term of this lease for the sum of Eight Hundred Thousand (\$800,000) dollars less the amount of principle that has been paid using an annual interest rate of 6.68% amortized over the fifteen (15) years term of the lease.
- The Corporation, acting as agent for the Meigs County Commissioners, on May 9, 2007 purchased 13.293 acres of real estate at Pomeroy Pike, Pomeroy, Ohio for a purchase price of \$500,000 from Jay Hall, Jr. A \$200,000 grant was received from the Ohio Department of Development toward this purchase price; the remainder was financed by Farmers Bank and Savings. The Meigs County Commissioners planned to build a Meigs County Medical Facility on this property at a future date. An appraisal dated January 3, 2007 was performed by Cheryl Lemley, Licensed Residential Appraiser and estimated the market value of this real estate to be \$1,077,000. On April 16, 2010, Family Healthcare Inc., 1049 Western Ave., Chillicothe, Ohio, 45601, purchased approximately three (3) acres of this property for \$73,027 to build a "healthcare and related services" facility. Subsequent to this sale on January 5, 2011 an appraisal was made by H.E. Cleland, Licensed Residential Appraiser, with a final estimate of value of \$375,000.
- The new University of Rio Grande building located at County Road 25, Pomeroy Pike, Pomeroy, Ohio 45769 was completed and occupied in the third quarter of 2008. This facility is leased to Rio Grande University from September 2, 2008 to June 30, 2023 for \$18,000 per month. This facility will be paid off at this time and title will be transferred to the University of Rio Grande. This facility is financed through Farmers Bank and Savings (Notes payable at 12/31/2008 of \$1,147,607 and \$71,152 at 6.25 and 6.75 interest respectively final payment is June 2023 to coincide with the Lease Agreement) and Home National Bank, Racine, Ohio 45771 (Note payable at 12/31/2008 of \$591,301 at 6.25% interest) final payment is June 2023 to coincide with the Lease Agreement). Effective October 1, 2012 the building interest was reduced to 6.5 percent. Notes payable at December 31, 2014 to Farmers Bank and Savings are \$821,873.31 and Home National Bank are \$423,389. A combined monthly payment of \$10,292.31 is remitted to Farmers Bank and Savings, who then forwards \$5,302.09 of that payment to Home National Bank.
- The second speculative building is described in Footnote 3 and is leased to Davis Pickering Company, DPC, 165 Enterprise Drive, Marietta, Ohio 45750 effective January 1, 2014. DPC shall make no payments during the initial twelve (12) months of the lease term. DPC annual payments in the amount of \$112,968 payable in advance in equal installments of \$9,414 shall be made on January 1, 2015 and be made monthly on the same day of each month thereafter. The initial lease shall be from lease years 2-6. DPC is given the option to renew the agreement for one (1) period of five (5) years at an increased lease payment of ten (10%) percent during the renewal period. DPC shall not assign or sublet the leased premises without the written consent of the Corporation.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012  
(Continued)**

**7. Operating Leases (Continued)**

- The Holzer ER Building described in Footnote 3 is currently being rented to the Holzer Health Care Systems for \$28,000 a month beginning in 2015 with an open purchase option with terms to be determined if the purchase option is exercised.

Revenue from operating leases was recorded at \$381,806.04, \$323,867 and \$332,240 for 2014, 2013 and 2012, respectively.

**8. Subsequent Events**

The Corporation evaluates events and transactions subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through the date of this report. There are no subsequent events at this time.

**9. Advertising and Marketing**

The Corporation's policy is to currently expense all advertising and marketing costs as incurred as the benefit is directly related to current periods with minimal future benefit. This is a function of accounting in accordance with generally accepted accounting principles.

**10. Contingencies**

Concentration of Funding Sources – Grants and Donations.

The Corporation is funded through grants; lease revenue; and donations from individuals, businesses, and governmental agencies. The support is contingent upon the continued availability of federal, state, and local funds; renewal of lease agreements; and the continued support of the community.

**11. Pension Plan**

As of the dates of the financial statements, the Corporation had no paid staff.

**12. Measure of Operations**

In its statements of activities and cash flows, the Corporation includes in its definition of operations all revenues and expenses that are an integral part of its service, programming, and supporting activities. Contributions, investment revenue, and net fund-raising revenue are itemized as operating receipts on the statement of cash flows, yet considered non-operating for purposes of analysis of revenue and expenses on the statement of financial activities.

**13. Contract Contingencies**

Under the terms of grant agreements, periodic audits are required and certain reimbursements or awards may be questioned as inappropriate. Such audits could lead to reimbursement to provider agencies. Management believes disallowances, if any, will be immaterial.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012  
(Continued)**

**14. In-Kind Contributions**

The Meigs County Board of Commissioners pays the salary and related fringe benefits for an Economic Director and Administrative Assistant. The Board also pays the rent on the property located at 238 West Main Street, Pomeroy, Ohio, occupied by the corporation which includes utilities, telephone and long distance expenses for the Corporation. Based on the Economic Director and Administrative Assistant's, estimated time devoted to the Corporation in-kind revenue and expenses allocated to the Corporation are \$44,050.96 for 2014 and represents 20% of the total wages, benefits, rent, utilities, telephone and long distance expenses.

**This page intentionally left blank.**



# Dave Yost • Auditor of State

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

Community Improvement Corporation  
Meigs County  
238 West Main Street  
Pomeroy, Ohio 45769

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 Community Improvement Corporation, Meigs County, Ohio (the Corporation), as of and for the years ended December 31, 2014, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated January 28, 2016.

### ***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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a significant deficiency. We consider finding 2014-002 to be a significant deficiency.

### ***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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are 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 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 style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 28, 2016

**COMMUNITY IMPROVEMENT CORPORATION  
MORGAN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014, 2013 AND 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2014-001**

**Noncompliance**

Ohio Rev. Code § 117.38 provides that GAAP-basis entities must file annual reports with the Auditor of State within 150 days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. Any public office not filing the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfiled, not to exceed seven hundred fifty dollars. The AOS may waive these penalties, upon the filing of the past due financial report.

The 2014 annual report was not filed with the Auditor of State as of this report date. Failure to file the annual financial report within 150 days of the fiscal year-end can result in fines and penalties.

The Fiscal Officer should file the District's annual financial reports with the Auditor of State within 150 days of the fiscal year end.

**Officials' Response:** The 2014 annual financial report was filed late due to the death of our accountant in early 2015 and the subsequent transfer of those duties to another firm. We are aware of the filing deadlines and will submit that report in a timely manner as we have in the past.

**FINDING NUMBER 2014-002**

**Noncompliance and Significant Deficiency**

Ohio Admin. Code §§ 117-2-01(D)(3) and (5) provide that, when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The Escrow account was reconciled to the check register for only five months in 2012 and not reconciled at all during 2013 or 2014 which could have resulted in undetected errors. The Revolving Loan account was not reconciled during the three year period and, as a result, a transfer intended for this account was erroneously credited to the regular checking account by the bank.

The Fiscal Officer should prepare monthly bank reconciliations in a timely manner so that reconciling items can be easily identified and corrections, if necessary, can be made in a timely manner. These reconciliations should be reviewed and approved by the Board.

**Officials' Response:** The escrow account had only external activity during 7 months of 2012 and 2 months of 2013. However, the account was an interest bearing account, earning approximately \$58.00 of total interest in 2013, and \$6.00 in 2014. We recognize that this activity requires bank reconciliation and will do so in a timely manner in the future.

The revolving loan fund account was created in early 2013 and was reconciled monthly via a spreadsheet that tracks funds and accounts, but it labeled the reconciled bank balance as "amount available to relend" instead of "reconciled bank balance". It was during this reconciliation an incorrect fund transfer was noted and corrected. We recognize that this activity requires monthly bank reconciliation and will do so in the future in a timely manner.

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## COMMUNITY IMPROVEMENT CORPORATION

### MEIGS 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  
FEBRUARY 9, 2016