

COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY

A Non-Profit Organization
Independent Auditor's Report

For the Years Ended
December 31, 2010 and December 31, 2011

Prepared by:
James G. Mourning
Certified Public Accountant

Issued:
June 30, 2012



Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Meigs County Community Improvement Corporation, Meigs County, prepared by James G. Mourning, Certified Public Accountant, for the audit period January 1, 2010 through December 31, 2011. 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 Meigs County 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

September 6, 2013

This page intentionally left blank.

COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY

TABLE OF CONTENTS

TITLE	
Independent Auditor's Report.....	1
Statement of Financial Position – For the Years Ended December 31, 2011 and 2010.....	2-3
Statement of Activities – For the Years Ended December 31, 2011 and 2010.....	4-5
Statement of Cash Flows – For the Years Ended December 31, 2011 and 2010.....	6
Notes to Financial Statements.....	7-15
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	16-17

This page intentionally left blank.



JAMES G. MOURNING

Certified Public Accountant
600 Grant Street
Middleport, Ohio 45760-1214

Telephone (740)992-7547
Fax (740)742-2414

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

I have audited the accompanying basic financial statements of the business-type activities of the Community Improvement Corporation, Meigs County, Ohio (a Non-Profit Organization), as of and for the years ended December 31, 2011 and December 31, 2010. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my 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, 2011 and December 31, 2010 and the results of its operations and the cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 30, 2012, on my consideration of the Government's internal control over financial reporting my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While I did not provide assurance on the internal control over financial reporting or on compliance, that report describes the scope of my testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of my audit.


James G. Mourning
Certified Public Accountant

June 30, 2012

**Community Improvement Corporation
Meigs County**

**Statement of Financial Position
For the Years Ended December 31, 2010 and December 31, 2011**

<u>UNRESTRICTED ASSETS:</u>	<u>2010</u>	<u>2011</u>
Current Assets		
<u>Cash and Cash Equivalents (see Note 5)</u>		
Cash in Bank - Checking - Regular Farmers B&S	\$ 206,591	333,419
Cash in Bank - Checking - Rio Grande Farmers B&S	452	0
Cash - CD - Farmers B&S	50,000	50,000
Cash - CD - Home National Bank	50,000	50,000
Total Cash and Cash Equivalents	<u>307,043</u>	<u>433,419</u>
Other Current Assets		
Accounts Receivable Interest	2,485	4,054
Prepaid Lease AEP	2,292	0
Notes Receivable Mountaineer Metals	24,671	23,212
Total Current Assets	<u>\$ 336,491</u>	<u>460,685</u>
Non-Current Assets		
Long Term Notes Receivable Mountaineer Metals	\$ 141,161	115,288
Fixed Assets		
Land and Improvements - Tuppers Plains	\$ 764,530	764,530
Land and Improvements - Pomeroy	265,251	0
Hospital Property - Pomeroy	375,000	373,142
Building - State Garage - AEP	443,420	443,420
Land - Pomeroy Jr. High	74,900	74,900
Rem Ram Building	1,100,600	1,100,600
Construction in Progress	0	26,360
Land - New Rio Grande	657,000	657,000
Building - New Rio Grande	2,579,295	2,579,295
Sewer - Rio Grande	71,152	71,152
Land - Monkey Run - Pomeroy	190,000	190,000
Less: Accumulated Depreciation	<u>(563,902)</u>	<u>(706,690)</u>
Total Fixed Assets	<u>5,957,246</u>	<u>5,573,709</u>
Total Non Current Assets	<u>6,098,407</u>	<u>5,688,997</u>
Total Unrestricted Assets	<u>\$ 6,434,898</u>	<u>6,149,682</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement

**Community Improvement Corporation
Meigs County**

**Statement of Financial Position
For The Years Ended December 31, 2010 and December 31, 2011**

LIABILITIES AND UNRESTRICTED NET ASSETS:	2010	2011
Current Liabilities		
Notes Payable - Farmer B&S - Rio Grande	\$ 50,701	55135
Notes Payable - Home NB - Rio Grande	26,108	28341
Prepaid Rents - Rio Grande	36,000	36000
Accrued Expense - Monkey Run	98,119	98119
Interest Payable	20,613	18989
Accounts Payable	6,217	4544
Notes Payable - Farmers B&S -Rio Grande Sewer	3,768	3468
Notes Payable - ODOD	0	39,473
Total Current Liabilities	\$ 241,526	284,069
 LONG-TERM LIABILITIES:		
Notes Payable - Farmers B & S - Rio Grande	\$ 1,010,402	956248
Notes Payable - Home NB -Rio Grande	520,277	492680
Notes Payable - ODOD	440,000	362219
Notes Payable - Farmers B&S - Hospital	248,031	234988
Notes Payable - Farmers B&S - Rio Grande Sewer	61,644	58567
Total Long-Term Liabilities	\$ 2,280,354	2,104,702
 TOTAL LIABILITIES	\$ 2,521,880	2,388,771
 UNRESTRICTED RETAINED NET ASSETS		
Unrestricted Retained Net Assets - Prior	4,224,633	3913018
Unrestricted Retained Net Assets - Current	(311,615)	(152107)
 Total Unrestricted Net Assets	\$ 3,913,018	3,760,911
 TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$ 6,434,898	6,149,682

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, 2010 and December 31, 2011

	2010	2011
Operating Revenues:		
Increases in Unrestricted Net Assets		
CIC Dues	\$ 2,150	1,750
Lease Revenue	268,247	333,882
Other Revenue	0	910
Total Operating Revenues	\$ 270,397	336,542
Operating Expenses:		
Decreases in Unrestricted Net Assets		
Advertising and Marketing	\$ 0	147
Depreciation	142,788	142,788
Economic Workforce Expense	23,268	47,000
Lease Payments - Meigs County	27,500	26,458
Miscellaneous	9,228	19,758
Mowing/Snow /Contract	3,813	2,738
Professional Fees	7,148	23,526
Property and Other Insurance	9,093	7,957
Real Estate Taxes	6,755	860
Repairs and Maintenance	5,606	14,266
Supplies	199	1,407
Utilities	7,858	1,645
Total Operating Expenses	243,256	288,550
Net Increase (Decrease) in Operating	\$ 27,141	47,992
Non-Operating Revenues (Expenses):		
Intergovernmental Grants	\$ 0	15,663
Earnings on Investments	11,292	9,239
Interest & Finance Charges	(163,015)	(166,750)
Total Non-Operating Revenues (Expenses)	\$ (151,723)	(141,848)
Sale of Fixed Assets		
Land Monkey Run	\$ 175,000	0
Cost of Sales Monkey Run	176,727	0
Net Profit (Loss)	\$ (1,727)	0
Building - Middleport	\$ 0	0
Cost of Sales Building - Middleport	133,333	0
Net Profit (Loss)	\$ (133,333)	0
Approx. 25% of Hospital Property	\$ 73,027	0
Cost of Sales Hospital Property	125,000	0
Net Profit (Loss)	\$ (51,973)	0
Land and Improvements - Pomeroy	\$ 0	207,000
Cost of Sales Land and Improvements	0	265,251
Net Profit (Loss)	\$ 0	(58,251)
Additional Hospital Property	\$ 0	13,043
Cost of Sales Additional Hospital Property	0	13,043
Net Profit (Loss)	\$ 0	0
Net Increase (Decrease) in Net Assets	\$ (311,615)	(152,107)

The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**STATEMENT OF ACTIVITIES
As of December 31, 2010 and December 31, 2011**

continued from page 4

		2010	2011
Net Increase (Decrease) in Net Assets	\$	(311,615)	(152,107)
<u>In - Kind</u>			
In - Kind			
Revenue		27,083	26,315
Expense		27,083	26,315
<u>Summary</u>			
Total Revenue		556,799	607,802
Total Expense		868,414	759,909
Increase (Decrease) in Net Assets		(311,615)	(152,107)
Unrestricted Net Assets January 1		4,224,633	3,913,018
Unrestricted Net Assets December 31	\$	3,913,018	3,760,911

The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2011**

	<u>2010</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 268,247	333,882
Cash Received for Operating Revenues	2,150	2,660
Cash Payments to Suppliers and Goods and Services	<u>(96,735)</u>	<u>(148,959)</u>
Net Cash Provided From Operating Activities	173,662	187,583
Cash Flows from Financing Activities:		
Operating Grants Received	0	15,663
Contributions	0	0
Principal Payments	(123,371)	(129,812)
(Increase) Decrease in Accounts and Notes Receivable	23,711	25,663
Interest and Finance Charges	(163,015)	(166,750)
Proceeds from Notes Payable	0	0
Miscellaneous	(1282)	0
Prepaid Rents	0	2,292
Net Cash Flows from Financing Activities	<u>(263,957)</u>	<u>(252,944)</u>
Cash Flows from Investment Activities:		
Interest on Investments and Notes	11,292	9,239
Acquisition of Capital Assets	(20,600)	(37,545)
Sale of Fixed Assets	248,027	220,043
Net Cash from Investing Activities and Notes	<u>238,719</u>	<u>191,737</u>
Net Increase (Decrease) in Cash and Cash Equivalents	148,424	126,376
Cash and Cash Equivalents at Beginning of Year	<u>158,619</u>	<u>307,043</u>
Cash and Cash Equivalents - End of Reporting Year	<u>\$ 307,043</u>	<u>433,419</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities		
Increase (Decrease) Net Assets	<u>27,141</u>	<u>47,992</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities		
Depreciation	142,788	142,788
Changes in Assets and Liabilities		
Increase (Decrease) Accounts Payable and Accrued Expenses	3,733	(3,197)
Total Adjustments	<u>146,521</u>	<u>139,591</u>
Net Cash Used for Operating Activities	<u>\$ 173,662</u>	<u>187,583</u>

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, 2010 and December 31, 2011**

1. Description of Entity

The Community Improvement Corporation, Meigs County (the Corporation)(CIC), is a not-for-profit corporation and was incorporated on March 26, 1964, under authority of Ohio Rev. Code Section 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, 2010 and December 31, 2011**

2. Summary of Significant Accounting Policies (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 the date of the financial statements, all assets were unrestricted.

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, 2010 and December 31, 2011, 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 \$142,788 and \$142,788 for the years ended December 31, 2011 and 2010 respectively.

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 2008. 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, 2011 and December 31, 2010.

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, 2010 and December 31, 2011**

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 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 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, Meigs County CIC 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 cash balance 12/31/2010 (\$452) and land and building Rio Grande (\$3,236,295) for 12/31/2010 and (\$3,236,295) for 12/31/2011 and Sewer-Rio Grande (\$71,152).

On October 12, 2007, CIC 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 CIC 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.

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 raw land and development costs expended to date on the industrial park and sewer project on State Route 7 in Tupper Plains, Meigs County, Ohio.

5. Cash and Cash Equivalents

The Corporation as of December 31, 2010 and December 31, 2011, had the following deposits with local financial institutions.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and December 31, 2011**

5. Cash and Cash Equivalents (Continued)

	BALANCES @ 12/31/2010	
	Reconciled	Statement
Farmers B&S – Checking Regular	\$ 206,591	\$ 212,238
Farmers B&S – Checking Rio Grande	\$ 452	\$ 452
Home National Bank - CD	\$ 50,000	\$ 50,000
Farmers B&S - CD	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Total	<u>\$ 307,043</u>	<u>\$ 312,690</u>

	BALANCES @ 12/31/2011	
	Reconciled	Statement
Farmers B&S – Checking Regular	\$ 333,419	\$ 343,945
Home National Bank - CD	\$ 50,000	\$ 50,000
Farmers B&S - CD	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Total	<u>\$ 433,419</u>	<u>\$ 443,945</u>

Certificates of Deposit: The Corporation also has two short term Certificates of Deposit in Home National Bank in the amount of \$50,000 and Farmers B& S in the amount of \$50,000. As of the dates of the financial statements, all of the Corporation's deposits are fully collateralized by the Federal Deposit Insurance Corporation for Home National Bank – CD of \$50,000 and Farmers B&S – CD of \$50,000, under the terms of Section 343 of the Dodd – Frank Wall Street Reform and Consumer Protection Act. Under the limited terms of the legislation, non-interest bearing accounts are fully insured through December 31, 2012.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2010 and December 31, 2011**

6. Debt

The Corporation's debt outstanding at December 31, 2011 and 2010 was as follows

	12/31/11 Principal	12/31/10 Principal
Spec Building Note	\$ 401,692	\$ 440,000
Land – Hospital	\$ 234,988	\$ 248,031
Sewer – Rio Grande	\$ 62,035	\$ 65,412
Rio Grande – Land & Building	<u>\$ 1,532,404</u>	<u>\$ 1,607,488</u>
Total	<u><u>\$ 2,231,119</u></u>	<u><u>\$ 2,360,931</u></u>

Lease of New Spec Building at 49705 East Park Drive, Tupper's Plains, Ohio 45783 – An agreement was made and concluded between Meigs County CIC 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 Meigs County CIC. The Meigs County CIC 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 Spec Building note of \$440,000 was issued to the Ohio Department of Development for the purpose of constructing a specific building on a site located on State Route 7, Pomeroy, Ohio.

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

The annual requirements to amortize debt outstanding as of December 31, 2011 including Interest are as follows:

Year Ending 31-Dec	Rio Grande Building	Spec Building	Sewer Rio Grande	Total
2012	\$206,195	\$51,968	\$7741	\$265,904
2013	\$206,195	\$51,968	\$7741	\$265,904
2014	\$206,195	\$51,968	\$7741	\$265,904
2015	\$206,195	\$51,968	\$7741	\$265,904
2016-2018	\$618,585	\$155,904	\$23,223	\$797,712
2019-2024	\$ 853,505	\$99,917	\$33,991	\$987,413
Total	<u><u>\$2,296,870</u></u>	<u><u>\$463,693</u></u>	<u><u>\$88,178</u></u>	<u><u>\$2,848,741</u></u>

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2010 and December 31, 2011**

7. Operating Lease

The Corporation had operating leases in effect as of December 31, 2010 with various entities for rental of building space. The details of these operating leases are as follows:

- Ohio Power Company leased the property located at 34844 State Route 7, Pomeroy, Ohio, for a period for three (3) years commencing as of November 1, 2006 and ending October 31, 2009, the lease payment is \$2,291.67 per month for this lease period. This lease has been extended for an additional three (3) years beginning November 1, 2009 to October 31, 2012. The lease payment is \$2,406.25 per month for this lease period.
- Lease of New Spec Building at 49705 East Park Drive, Tappers Plains, Ohio 45783 – An agreement was made and concluded between Meigs County CIC 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 Meigs County CIC. The Meigs County CIC 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.
- CIC, 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 plan 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. This appraisal is the amount reflected on the Statement of Financial Position at December 31, 2010 and \$125,000 Cost of Sales Hospital Property on the Statement of Activities for the year ended December 31, 2010. This transaction is reflected in the December 31, 2010 Financial Statements.
- 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 8 ½% and 6 ¾% interest respectively final payment is June 2023 to coincide with the Lease Agreement) Home National Bank, Racine, Ohio 45771 (Note payable at 12/31/2008 of \$591,301 at 8 ½% interest) final payment is June 2023 to coincide with the Lease Agreement). Notes payable at 12/31/2010 to Farmers Bank and Savings are \$1,061,103 and \$65,412 and Home National Bank \$546,386. Notes payable at 12/31/2011 to Farmers Bank and Savings are \$1,011,383 and \$62,035 and Home National Bank \$521,021. The total monthly payment for all of the above is \$17,828.

Revenue from operating leases were recorded at \$333,882 for 2011 and \$268,247 for 2010.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2010 and December 31, 2011**

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 June 30, 2012, the date on which the financial statements were available to be issued.

An Agreement between Meigs County CIC and the Ohio Department of Development dated May 16, 2011 allows Meigs County CIC 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 with the Ohio Department of Development is \$750,000 of the borrowing will be a grant and \$500,000 will be 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. This contract was signed by Meigs County CIC on March 19, 2012. This facility is currently being constructed and is planned to be completed for sale or lease by fall 2012. The remaining \$262,319 facility cost will be used for engineering, permits, and electrical and other associated costs of constructing this facility.

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.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2010 and December 31, 2011**

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.

14. Middleport Development Group

The Executive Director and Administrative Assistant, in the interest of development, has acted as agent for the Middleport Development Group on a no-fee basis. All assets, liabilities, revenues and expenses are appropriate to them and are not included in these financial statements.

15. In Kind

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. The Board also pays the 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 \$26,315 for 2011 and \$27,083 for 2010 and, in both years these amounts represent 20% of the total wages, benefits and other rent, utilities, telephone and long distance.

16. Sale of Fixed Assets – Land – Monkey Run – Pomeroy

A portion of the land at Monkey Run, Pomeroy, Ohio was sold to Thomas Daniel Crow who constructed a Taco Bell, which is currently operating and employs approximately 25 employees. This real estate was originally contributed by Jay Hall, Jr. and had an appraised value of \$267,325 with a zero (0) out of pocket cost; therefore, this transaction had positive \$175,000 gross cash flow when sold. The remaining 3.88 acres of property belonging to Meigs CIC was appraised at \$190,000 after a new road is constructed through the property. The cost of this new road will be shared by the Meigs CIC and the Village of Pomeroy. It has been agreed between the parties that the Meigs CIC maximum share will be \$98,119. This amount has been provided for and is reflected as a liability in the December 31, 2010 and December 31, 2011 financial statements.

17. Sale of Fixed Assets – Building – Middleport and Improvements

This building was originally contributed to Meigs County CIC by Holzer Clinic, Gallipolis, Ohio and was appraised at \$200,000 at that time. Until 2009, this facility was rented as a branch for Rio Grande University. Meigs CIC constructed and leased a new and much larger facility for Rio Grande University in 2008. The original Middleport facility was for sale but there were no prospective buyers and taxes, insurance and maintenance would exceed any possible lease amounts for this facility. Meigs CIC transferred this facility to the Ohio Department of Jobs and Family Services who owns the adjacent building. The loss of \$133,333 (net book value of building at December 31, 2009) actually had a zero (0) cash flow effect as the building was originally contributed to Meigs County CIC.

**COMMUNITY IMPROVEMENT CORPORATION
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2010 and December 31, 2011**

18. Sale of Fixed Assets – Land Hospital Property – Pomeroy

Meigs County CIC sold 2.7664 acres more or less of this property (total before sale of 12.9710 acres more or less) on April 16, 2010 to Family Healthcare, Inc., 1049 Western Avenue, Chillicothe, Ohio 45601-0188 to build a subsidized medical clinic of approximately 10,000 square feet for \$73,027 the net original purchase price for the total property was \$300,000 after receiving a grant of \$200,000 which was recorded in the financial statements in the year of purchase. This new facility will add approximately ten (10) additional new jobs. This facility will cost approximately \$2,342,000 and is partially subsidized. The sale of this land was approximately at cost in the interest of additional employment and expanding a subsidized medical facility for Meigs County residents. Cleland Real Estate appraised the remainder of this property at \$375,000 on January 5, 2011. Cost of sales for this land is \$125,000. A loss of \$51,973 is reflected in the December 31, 2010 financial statements. Due to a surveying error, additional Hospital property was sold during 2011 for \$13,043 which was the appropriate percentage of original cost and \$13,043 is reflected as cost of sales for this property. The proceeds from this sale were paid to Farmers Bank and Savings Company on the note payable on this property.

19. Sale of Fixed Assets – Land and Improvements – Pomeroy

On March 18, 2011, CIC sold the property listed on the statement of financial position as Land and Improvements Pomeroy, to the Farmers Bank and Savings Company for \$207,000. The sale price of the property was based upon a current appraisal. A loss of \$58,251 is reflected related to this transaction on the financial statements for the year ending December 31, 2011.



James G. Mourning

Certified Public Accountant
600 Grant Street
Middleport, Ohio 45760-1214

Telephone (740)992-7547
Fax (740)742-2414

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards* (No Material Weaknesses
Identified, No Significant Deficiencies Identified, No Reportable Instances of
Noncompliance or Other Matters Identified)**

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

To the Board of Trustees:

I have audited the financial statements of the Community Improvement Corporation, Meigs County, Ohio (a Nonprofit Organization) as of and for the years ended December 31, 2010 and December 31, 2011 and have issued my report dated June 30, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Corporation's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, I performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, and the Auditor of State and is not intended to be used and should not be used by anyone other than these specified parties.



James G. Mourning
Certified Public Accountant

June 30, 2012

This page intentionally left blank.



Dave Yost • Auditor of State

MEIGS COUNTY 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
SEPTEMBER 19, 2013**