

COMMUNITY IMPROVEMENT CORPORATION

BELMONT COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2016 and 2015





Dave Yost • Auditor of State

Board of Trustees
Community Improvement Corporation
Belmont County
117 East Main Street
St. Clairsville, Ohio 43950

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation, Belmont County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2015 through December 31, 2016. 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. Community Improvement Corporation is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

August 30, 2017

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**COMMUNITY IMPROVEMENT CORPORATION
BELMONT COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation
Belmont County
117 East Main Street
St. Clairsville, Ohio 43950

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Improvement Corporation, Belmont County, Ohio (Corporation), which comprise the statement of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the year then ended, 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 the risks of material financial statement 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 the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Improvement Corporation, Belmont County, Ohio, as of December 31, 2016 and 2015, and the changes in 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 June 15, 2017, 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.



Charles E. Harris & Associates, Inc.
June 15, 2017

**COMMUNITY IMPROVEMENT CORPORATION
BELMONT COUNTY**

**STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015**

	2016	2015
Assets		
Cash and Cash Equivalents	\$ 845,173	\$ 1,020,198
Prepaid Rent	700	700
Notes Receivable	244,298	94,335
	<u>1,090,171</u>	<u>1,115,233</u>
<i>Total Assets</i>		
	<u>1,090,171</u>	<u>1,115,233</u>
 Liabilities		
Accounts Payable	809	1,252
Accrued Payroll Taxes	633	591
Payroll Taxes Withheld	2,640	2,795
	<u>4,082</u>	<u>4,638</u>
<i>Total Liabilities</i>		
	<u>4,082</u>	<u>4,638</u>
 Net Assets		
Unrestricted	1,086,089	1,110,595
	<u>1,086,089</u>	<u>1,110,595</u>
<i>Total Net Assets</i>		
	<u>1,086,089</u>	<u>1,110,595</u>
Total Liabilities and Net Assets	\$ 1,090,171	\$ 1,115,233
	<u>\$ 1,090,171</u>	<u>\$ 1,115,233</u>

See accompanying notes to the basic financial statements

**COMMUNITY IMPROVEMENT CORPORATION
BELMONT COUNTY**

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015**

	2016	2015
Revenues		
Cash Contributions from County Commissioners	\$ 75,000	\$ 75,000
Grant Income	6,058	636
Interest Income from Notes Receivable	4,741	3,477
Interest Income from Deposits and CDs	990	1,572
Miscellaneous Income	262	-
	<u>87,051</u>	<u>80,685</u>
 Expenses		
Current:		
Office Salaries	66,950	67,800
FICA Expense	5,122	5,187
FUTA Expense	42	-
SUTA Expense	27	27
Worker's Compensation	180	5
Hospital Insurance	1,514	2,206
Rent	9,100	8,400
Utilities	3,251	3,204
Travel	893	1,217
Meals and Entertainment	3,623	2,614
Trade Shows and Conferences	-	251
Miscellaneous Expense	59	-
Dues and Subscriptions	1,494	1,440
Advertising	1,003	425
Professional Fees	8,962	13,054
Liability Insurance	1,831	1,831
Telephone	2,573	2,649
Postage	156	315
Office Supplies	635	770
Bank Fees	102	195
Equipment Maintenance	156	-
Office Maintenance	880	780
Xerox Lease	3,004	3,005
	<u>111,557</u>	<u>115,375</u>
<i>Total Expenses</i>		
	<u>111,557</u>	<u>115,375</u>
<i>Change in Net Assets</i>	(24,506)	(34,690)
<i>Net Assets Beginning of Year</i>	<u>1,110,595</u>	<u>1,145,285</u>
<i>Net Assets End of Year</i>	<u>\$ 1,086,089</u>	<u>\$ 1,110,595</u>

See accompanying notes to the basic financial statements

**BELMONT COUNTY COMMUNITY IMPROVEMENT CORPORATION
BELMONT COUNTY**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDING DECEMBER 31, 2016 AND 2015**

	2016	2015
Cash Flows from Operating Activities		
Cash Received	\$ 87,051	\$ 80,685
Cash Payments for Employee Services and Benefits	(73,948)	(73,961)
Cash Payments for Goods and Services	(38,165)	(40,133)
Net Cash Provided By (Used in) Operating Activities	(25,062)	(33,409)
Cash Flows from Investing Activities		
Notes Issued	(200,000)	-
Payments Received on Notes	50,037	39,603
Net Cash Provided By (Used In) Investing Activities	(149,963)	39,603
Net Increase in Cash and Cash Equivalents	(175,025)	6,194
Beginning Cash Balance	1,020,198	1,014,004
Ending Cash Balance	\$ 845,173	\$ 1,020,198
 RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ (24,505)	\$ (34,690)
 Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Changes in assets and liabilities:		
Increase (decrease) in Accounts Payable	(443)	17
Increase (decrease) in Accrued Payroll Taxes	41	208
Increase (decrease) in Payroll Taxes Withheld	(155)	1,056
Total Adjustments	(557)	1,281
Net cash provided by (Used In) Operating Activities	\$ (25,062)	\$ (33,409)

See accompanying notes to the basic financial statements.

**COMMUNITY IMPROVEMENT CORPORATION
BELMONT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Community Improvement Corporation of Belmont County (the Corporation), is a not-for-profit corporation and was incorporated in 1962 under authority of Ohio Rev. Code Section 1702.01 and 1724. The Corporation is governed by 11 trustees, comprised of business, professional, government and community leaders. The Corporation was formed to advance, encourage, and promote industrial, economic, commercial and civic development in Belmont County.

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

B. Accounting Basis

As required by Ohio Rev. Code Section 1724.05 the Corporation filed its annual financial report pursuant to accounting principles generally accepted in the United States of America.

This statement includes adequate disclosure of material matters.

C. Tax Status

The Corporation is a nonprofit corporation exempt from federal income taxes under Section 501c(4) of the Internal Revenue Code. By virtue of Ohio law, the Corporation is not subject to Ohio income taxes.

2. Cash and Cash Equivalents

The Corporation considers cash on deposit in banks and certificates of deposit with an original maturity of less than 90 days to be cash equivalents. All of the Corporation's certificates of deposit have maturities of 90 days or less.

As of December 31, cash and cash equivalents consisted of the following:

	<u>2016</u>	<u>2015</u>
Demand Deposits	<u>\$ 845,173</u>	<u>\$ 1,020,198</u>

3. Risk Management

Commercial Insurance

The Corporation has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Wrongful acts and dishonesty bond

Settlement amounts did not exceed insurance coverage for the past three fiscal years. There were no significant reductions in coverage from prior year.

**COMMUNITY IMPROVEMENT CORPORATION
BELMONT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(CONTINUED)**

4. Contingent Liabilities

The Corporation received financial assistance from agencies in the form of grants. The expenditures of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Corporation. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Corporation at December 31, 2016.

5. Operating Leases

The Corporation leases office space under an operating lease dated July 1, 2003. The initial lease term expired on June 30, 2009 and has been renewed through June 30, 2013. The Corporation has options to renew for consecutive 2-year periods through June 30, 2017. Minimum future lease payments due under the lease are \$4,200.

6. Related Party Transactions

A Board of Trustee member owns an accounting firm that provides accounting and tax services to the Corporation and was paid \$4,400 and \$4,100 in 2016 and 2015 respectively. Another Trustee is also the legal counsel for the Corporation and was paid \$3,900 and \$3,600 in 2016 and 2015 respectively.

Members on the governing board of a community improvement corporation does not constitute the holding of a public office or employment within the meaning of sections 731.02 and 731.12 of the Revised Code or any other section of the Revised Code, R.C. 1724.10(B)(1). Accordingly, R.C. 102.03 which restricts contractual relationships of Public officials and employees is inapplicable to these related party transactions.

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

Community Improvement Corporation
Belmont County
117 East Main Street
St. Clairsville, Ohio 43950

To the Board of Trustees:

We have audited, 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, the financial statements of the Community Improvement Corporation, Belmont County, Ohio (the Corporation), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated June 15, 2017.

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 opinions 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.

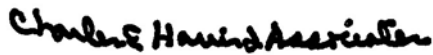
Compliance and Other Matters

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

There is a certain matter not requiring inclusion in this report that we reported to the Corporation's management in a separate letter dated June 15, 2017.

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.



Charles E. Harris and Associates, Inc.
June 15, 2017

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Dave Yost • Auditor of State

COMMUNITY IMPROVEMENT CORPORATION OF BELMONT

BELMONT 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 12, 2017**