

***MONROE COUNTY COMMUNITY
IMPROVEMENT CORPORATION***

MONROE COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2016 and 2015





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Monroe County Community Improvement Corporation, Monroe 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. Monroe County 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 31, 2017

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**MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Monroe County Community Improvement Corporation, Monroe County, Ohio (Corporation), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flow for the years 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 Monroe County Community Improvement Corporation, Monroe 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 9, 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 9, 2017

MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

	2016	2015
Current Assets		
Cash and Cash Equivalents	\$ 97,037	\$ 120,646
Prepaid Expense	2,099	1,092
Accounts Receivable	240	7,583
	99,376	129,321
 Capital Assets		
Land	555,000	555,000
Building, Furniture and Equipment	1,436,304	1,436,304
Total Capital Assets	1,991,304	1,991,304
Less: Accumulated Depreciation	(464,225)	(427,440)
Net Capital Assets	1,527,079	1,563,864
 Total Assets	\$ 1,626,455	\$ 1,693,185
 Current Liabilities		
Accrued Taxes	\$ -	\$ 109,699
Accrued Payroll Liabilities	270	259
Total Liabilities	270	109,958
 Net Assets		
Unrestricted	1,626,185	1,583,227
Total Net Assets	1,626,185	1,583,227
 Total Liabilities and Net Assets	\$ 1,626,455	\$ 1,693,185

See accompanying notes to the basic financial statements.

**MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDING DECEMBER 31, 2016 AND 2015**

	2016	2015
Revenue		
Miscellaneous Income	\$ 700	\$ 832
Program Fees	-	1,242
Rent Income	57,000	45,000
Utility Reimbursement	12,562	12,997
Total Revenue	70,262	60,071
Operating Expenses		
Wages and Fringe Benefits	6,997	6,761
Accounting and Professional Fees	6,580	7,251
Supplies	792	214
Real Estate Taxes	19,826	34,310
Utilities	17,190	16,802
Insurance Expense	4,965	7,555
Rent	1,200	1,100
Repairs and Maintenance	4,675	8,617
Advertising	-	52
Dues and Subscriptions	-	100
Depreciation	36,785	36,785
Interest Expense	-	4,490
License, Permits & Fees	200	200
Total Operating Expenses	99,210	124,237
Operating (Loss)	(28,948)	(64,166)
Non-Operating Revenue (Expenses)		
Forgiveness of taxes	71,906	-
Change in Net Assets	42,958	(64,166)
Net Assets at January 1	1,583,227	1,647,393
Net Assets at December 31	\$ 1,626,185	\$ 1,583,227

See accompanying notes to the basic financial statements.

**MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY
STATEMENTS OF CASH FLOWS
FOR YEARS ENDING DECEMBER 31, 2016 AND 2015**

	2016	2015
Cash Flows from Operating Activities		
Cash Received	\$ 77,605	\$ 53,373
Cash Payments for Employee Services and Benefits	(6,986)	(6,928)
Cash Payments for Goods and Services	(94,228)	(77,007)
Net Cash Provided By (Used in) Operating Activities	(23,609)	(30,562)
Net Increase in Cash and Cash Equivalents	(23,609)	(30,562)
Beginning Cash Balance	120,646	151,208
Ending Cash Balance	\$ 97,037	\$ 120,646
 RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ (28,948)	\$ (64,166)
 Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	36,785	36,785
Changes in assets and liabilities:		
Decrease (increase) in Prepaid Expense	(1,007)	866
Decrease (increase) in Accounts Receivable	7,343	(6,698)
Increase (decrease) in Accrued Taxes	(37,793)	2,818
Increase (decrease) in Payroll Liabilities	11	(167)
Total Adjustments	5,339	33,604
Net cash provided by (Used In) Operating Activities	\$ (23,609)	\$ (30,562)

See accompanying notes to the basic financial statements.

MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE 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, Monroe County (the Corporation), is a non-profit corporation incorporated in 1975 under authority of Ohio Revised Code § 1702.01. The Corporation is governed by 17 trustees, comprised of business, professional, government and community leaders. The Corporation was formed to advance, encourage and promote the industrial, economic, commercial and civic development of Monroe County, and municipal corporations located therein, for the industrial, commercial distribution and research development in such political subdivisions in accordance with Ohio Revised Code § 1724.10.

Management believes the financial statements included in this report represent all of the funds of the Corporation over which the Corporation is financially accountable.

B. BASIS OF ACCOUNTING

The financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

C. REVENUE RECOGNITION

Income from intergovernmental, rental and program fees are recognized over the period to which fees relate.

D. FINANCIAL STATEMENT PRESENTATION

The Corporation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Corporation does not use fund accounting.

E. CASH AND CASH EQUIVALENTS

For the purposes of the Statements of Cash Flows, cash and cash equivalents include all highly liquid investments with initial maturities of three months or less.

F. FEDERAL INCOME TAX

The Corporation is an exempt organization under § 501(c)(3) of the Internal Revenue Code. By virtue of Ohio Law, the Corporation is not subject to Ohio income taxes.

G. CAPITAL ASSETS

Capital Assets are stated at cost and are depreciated over the estimated useful lives by the straight-line method for financial reporting purposes. Repairs and maintenance are charged to operations when incurred and improvements and additions are capitalized. When equipment is sold, or otherwise disposed of, the net asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

**MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016 AND 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

H. ESTIMATES

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

2. CASH

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

	2016	2015
Demand Deposits	\$ 97,037	\$ 120,646

Deposits are insured by the Federal Deposit Insurance Corporation.

3. CAPITAL ASSETS

The Corporation owns the Black Walnut Center, a Multi-Tenant Building in Monroe County Industrial Park. It is currently fully leased to 3 businesses.

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

Property and equipment consists of:

	2016	2015
Land	\$ 555,000	\$ 555,000
Building	1,434,615	1,434,615
Equipment	1,122	1,122
Furniture and Fixtures	567	567
Total Property and Equipment	1,991,304	1,991,304
Less: Accumulated Depreciation	(464,225)	(427,440)
Net Total	\$ 1,527,079	\$ 1,563,864

4. 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.

**MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016 AND 2015**

5. COMMERCIAL LEASES

A. BROADBAND

The Corporation entered into a two year lease with The Guernsey, Monroe and Noble Tri-County GMN for the purpose of housing the Broadband Community Center. The lease may be canceled upon 90 days written notice. The lease also contains a two year renewal option.

The lease amount was \$1,000 for 2016 and 2015. The lease agreement will be reviewed annually by the Board.

B. AK APPAREL LLC

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

C. GRANGER

The Corporation entered into a lease with Granger, a corporation who is construction the new jail facility next door to the Black Walnut center. The lease is month to month starting in June of 2016 for \$1,000 per month and includes utilities.

6. REAL ESTATE TAX

During fiscal year 2012, the Corporation received notice that it was declined tax exempt status on its real estate holdings. This resulted in a past due tax assessment of \$100,171 to the Black Walnut Center. In 2016, the Corporation received a reduction of past due real estate taxes in the amount of \$71,906. As of December 31, 2016 and 2015, the total amount of delinquent real estate taxes due on the Black Walnut Center were \$0 and \$109,699 respectively.

7. MINERAL LEASE

On December 3, 2012, the Corporation entered into a five (5) year primary term lease agreement with XTO Energy, Inc. (Lessee). The principal terms of the lease are as follows: 19.655 acres of land and all mineral rights therein shall be leased for a sum of \$5,000 per acre. The Corporation shall receive a twenty percent (20.00%) royalty on all oil extracted and Lessee is granted the option to renew this lease under the same provisions for a secondary primary term of five (5) years from the end of the initial primary term hereof.

8. RELATED PARTY

The Corporation's books are in the care of one of its board members and the services that would otherwise be charged by a Certified Public Accountant are provided for a fee. The accounting fees for the years ended December 31, 2016 and 2015 are \$2,700 and \$2,550, respectively.

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

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States 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 Monroe County Community Improvement Corporation, Monroe 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 9, 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.

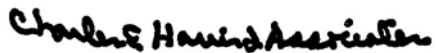
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies 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*.

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 9, 2017

MONROE COUNTY COMMUNITY IMPROVEMENT CORPORATION
MONROE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2014-001	Not filling the annual financial report within the 120 days after fiscal year end.	Fully Corrected	

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Dave Yost • Auditor of State

MONROE COMMUNITY IMPROVEMENT CORPORATION

MONROE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 12, 2017**