



OHIO AUDITOR OF STATE  
**KEITH FABER**





**COMMUNITY IMPROVEMENT CORPORATION  
GALLIA COUNTY  
DECEMBER 31, 2018 AND 2017**

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53 Johnson Road  
The Plains, Ohio 45780-1231  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation  
Gallia County  
16 State Street  
P.O. Box 465  
Gallipolis, Ohio 45674

To the Board of Trustees:

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

We have audited the accompanying financial statements of the Community Improvement Corporation, Gallia County, Ohio (a not-for-profit corporation), which comprise the statement of financial position as of December 31, 2018 and 2017, the related statements of activities and cash flows 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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Improvement Corporation, Gallia County, Ohio, as of December 31, 2018 and 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2019, 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. While we did not opine on the internal control over financial reporting or on compliance, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 3, 2019

***Gallia County Community Improvement Corporation***  
Statement of Financial Position  
December 31, 2018

<u>Assets</u>	
Current assets:	
Cash	\$ 305,495
Total current assets	<u>305,495</u>
Noncurrent assets:	
Land	912,996
Fixtures and equipment	73,855
Less: Accumulated depreciation	<u>(59,135)</u>
Total noncurrent assets	<u>927,716</u>
Total assets	<u><u>1,233,211</u></u>
<u>Liabilities</u>	
Current liabilities:	
Customer deposits	<u>175,000</u>
Total liabilities	175,000
<u>Net Assets</u>	
Unrestricted net assets	<u>1,058,211</u>
Total net assets	<u>1,058,211</u>
Total liabilities and net assets	<u><u>\$ 1,233,211</u></u>

The accompanying notes are an integral part of these financial statements.

***Gallia County Community Improvement Corporation***

Statement of Activities

Year ended December 31, 2018

Operating revenues:

Property lease	\$	1,500
Interest income		555
Other		221
Total operating revenues		<u>2,276</u>

Operating expenses:

Real estate taxes	\$	5,799
Marketing, meetings and travel		2,136
Legal and professional		4,192
Service contract		16,000
Depreciation and amortization		4,533
Interest expense		3,991
Loss on disposal of property		22,082
Total operating expenses		<u>58,733</u>

Change in net assets (56,457)

Net assets at beginning of year 1,114,668

Net assets at end of year \$ 1,058,211

The accompanying notes are an integral part of these financial statements.



***Gallia County Community Improvement Corporation***

Statements of Cash Flows

Year ended December 31, 2018

Cash flows from operating activities:	
Changes in net assets:	\$ (56,457)
Adjustments to reconcile net assets to net cash provided by operating activities	
Depreciation and amortization	4,533
Loss on disposal, land	22,082
Increase (decrease) in proceeds from customer deposit	<u>(5,000)</u>
Net cash used for operating activities	<u>(34,842)</u>
Cash flows from capital and related financing activities:	
Principal payment on loans	<u>(340,000)</u>
Net cash used for capital and related financing activities	<u>(340,000)</u>
Cash flows from investing activities:	
Sale of investments	<u>481,827</u>
Net cash provided by investing activities	<u>481,827</u>
Net increase in cash and cash equivalents	106,985
Cash and cash equivalents at beginning of year	<u>198,510</u>
Cash and cash equivalents at end of year	<u>\$ 305,495</u>

The accompanying notes are an integral part of these financial statements.

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## ***GALLIA COUNTY COMMUNITY IMPROVEMENT CORPORATION***

Notes to the basic financial statements

December 31, 2018

### **Note 1 – Summary of Significant Accounting Policies**

#### **A. Reporting Entity**

The Gallia County Community Improvement Corporation (the “Corporation”) is a not-for-profit corporation that was formed on December 2, 1964 in the State of Ohio, under the authority of Ohio Revised 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 industrial, economic, commercial and civic development of Gallia County, Ohio.

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

#### **B. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Corporation’s financial statements are prepared using the accrual basis of accounting.

In 1994, the Corporation adopted Statement of Financial Accounting Standards No. 116, “Accounting for Contributions Received and Contributions Made” (SFAS No. 116) and Statements for 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.

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 that are not subject to donor-imposed stipulations.

***Temporarily Restricted*** Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization and/or the passage of time.

***Permanently Restricted*** Net assets subject to donor-imposed stipulations that they be maintained permanently or until all donor imposed restrictions are met by the organization. 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, 2018, all assets were considered unrestricted.

**GALLIA COUNTY COMMUNITY IMPROVEMENT CORPORATION**

Notes to the basic financial statements

December 31, 2018

C. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturity of three months or less from the date of acquisition.

D. Depreciation

Property, plant and equipment are carried at cost with depreciation computed on the declining balance method. The following guideline years have been used in computing depreciation:

Land improvements	10 - 39 years
Fixtures and equipment	10 - 39 years

Depreciation expense charged to operations was \$4,533 for 2018.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting standards requires management to make estimates and assumptions that affect the reported amounts of 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 these estimates.

F. Tax Status

The Corporation has been recognized by the State of Ohio as a tax-exempt organization and by the Internal Revenue Service as a section 501(C)(4) nonprofit organization. Accordingly, the federal tax status would reflect the Corporation's tax exempt status. By virtue of Ohio law, the Corporation is not subject to Ohio income taxes.

**Note 2 – Deposits and investments**

*Deposits*

Custodial credit risk is the risk that in the event of bank failure, the Corporation's deposits may not be returned to it. Protection of the Corporation's cash and deposits is provided by the Federal Deposit Insurance Corporation up to \$250,000. Deposits in excess of these amounts are uninsured.

The carrying amount and bank balance of the Corporation's deposits at December 31, 2018 were \$305,495. Of the bank balances, \$55,495 were uncollateralized or uninsured as of December 31, 2018.

**GALLIA COUNTY COMMUNITY IMPROVEMENT CORPORATION**

Notes to the basic financial statements

December 31, 2018

*Concentration of Credit Risk*

The Corporation's cash is placed with institutions with high credit ratings. This policy limits the Corporation's exposure to credit risk. However, at various times throughout the year, the Corporation carried amounts in excess of federally insured limits with a local bank.

**Note 3 – Land Held for Resale**

The Corporation has land valued in the amount of \$912,996. Some of this land is intended to be sold later for economic development purposes.

**Note 4 – Advertising and Marketing**

The Corporation's policy is to expense all advertising and marketing costs as the benefit is directly related to current periods with minimal future benefit.

**Note 5 – Capital Assets**

Capital assets and related accumulated depreciation at December 31, 2018 are as follows:

	Balance 12/31/2017	Additions	Deductions	Balance 12/31/2018
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,416,906	\$ -	\$ (503,910)	\$ 912,996
Total capital assets, not being depreciated	<u>1,416,906</u>	<u>-</u>	<u>(503,910)</u>	<u>912,996</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	15,002	-	-	15,002
Leasehold improvements	2,000	-	-	2,000
Furniture and equipment	<u>56,853</u>	<u>-</u>	<u>-</u>	<u>56,853</u>
Total capital assets, being depreciated	<u>73,855</u>	<u>-</u>	<u>-</u>	<u>73,855</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(4,612)	(1,154)	-	(5,766)
Leasehold improvements	(1,403)	(73)	-	(1,476)
Furniture and equipment	<u>(48,587)</u>	<u>(3,306)</u>	<u>-</u>	<u>(51,893)</u>
Total accumulated depreciation	<u>(54,602)</u>	<u>(4,533)</u>	<u>-</u>	<u>(59,135)</u>
Capital assets, net	<u>\$ 1,436,159</u>	<u>\$ (4,533)</u>	<u>\$ (503,910)</u>	<u>\$ 927,716</u>

***GALLIA COUNTY COMMUNITY IMPROVEMENT CORPORATION***

Notes to the basic financial statements

December 31, 2018

**Note 6 – Industrial Park**

The Corporation holds property that consists of raw land and development costs expended to date on the Industrial Park and sewer project on State Route 850 in Gallia County, Ohio. Several businesses have moved into the Industrial Park as of December 31, 2018.

**Note 7 – Contingencies**

Management believes there are no pending claims or lawsuits that could significantly adversely affect the Corporation.

***Gallia County Community Improvement Corporation***  
**Statement of Financial Position**  
**December 31, 2017**

Assets

Current assets:

Cash	\$ 198,510
Total current assets	198,510

Noncurrent assets:

Property and Equipment, Net of Accumulated Depreciation	19,252
Land	1,416,906
Total noncurrent assets	1,436,158
	\$ 1,634,668

Liabilities and Net Assets

Current liabilities:

Customer Deposits	\$ 180,000
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Long-term Liabilities:

Long-term Debt	340,000
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Net Assets

Unrestricted net assets	1,114,668
Total liabilities and net assets	\$ 1,634,668

*See accompanying Notes to the Financial Statements.*

***Gallia County Community Improvement Corporation***

Statement of Financial Position

December 31, 2017

For the year ended December 31, 2017

Operating Revenues	
Property Lease	\$ 9,900
Gain on Sale of Property	2,858
Interest Income	485
Other	<u>1,000</u>
Total Operating Revenues	<u>14,243</u>
Operating Expenses	
Project Expense	7,224
Depreciation and Amortization	4,533
Marketing, Meetings, and Travel	100
Legal and Professional	14,478
Service Contract	28,500
Advertising	172
Dues and Subscriptions	17
Interest Expense	<u>17,467</u>
Total Operating Expenses	<u>72,491</u>
Change in Net Assets	(58,248)
Net Assets, beginning of year	<u>1,172,916</u>
Net Assets, end of year	<u><u>\$ 1,114,668</u></u>

*See accompanying Notes to the Financial Statements.*



***Gallia County Community Improvement Corporation***

Statement of Cash Flows

For the year ended December 31, 2017

Cash Flows from Operating Activities:

Changes in Net Assets	\$ (58,248)
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation and amortization	4,533
Gain on disposal, land	(2,858)
Increase (decrease) in proceeds from customer deposit	5,000
Net cash provided by (used in) operating activities	<u>(51,573)</u>

Cash Flows from Investing Activities:

Purchase of investment, land	(22,508)
Sale of investment, land	37,500
Net cash provided by (used in) investing activities	<u>14,992</u>

Net increase (decrease) in cash (36,581)

Cash and cash equivalents at the beginning of the year 235,091  
Cash and cash equivalents at the end of the year \$ 198,510

See accompanying Notes to the Financial Statements

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**GALLIA COUNTY COMMUNITY IMPROVEMENT CORPORATION**

Notes to the basic financial statements

December 31, 2017

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The Community Improvement Corporation, Gallia County, Ohio (the Corporation), is a not-for-profit corporation and was incorporated on December 2, 1964, under the 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 industrial, economic, commercial and civic development of Gallia County, Ohio.

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

**B. Accounting Basis**

The financial statements of the Corporation have been prepared on the accrual basis.

In 1994, 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 Non-For-Profit Organizations" (SFAS No. 117). The statements of the new standards have been applied to the years presented.

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 stipulations that may or will be met either by actions of the organization and/or the passage of time.

**GALLIA COUNTY COMMUNITY IMPROVEMENT CORPORATION**

Notes to the basic financial statements

December 31, 2017

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

- **Permanently restricted net assets** - Net assets subject to donor-imposed stipulation that they be maintained permanently or until all donor imposed restrictions are met by the organization. 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, 2017, all assets were unrestricted.

**C. Tax Status**

The Corporation has been recognized by the State of Ohio as a tax-exempt organization and by the Internal Revenue Service as a Section 501(C)(4) nonprofit organization. Accordingly, the federal tax status would reflect the Corporation's tax-exempt status. By virtue of Ohio law, the Corporation is not subject to Ohio income taxes.

**D. Depreciation**

The organization provides for depreciation in amounts adequate to amortize costs over the estimated useful lives of the assets. Certain assets are being depreciated under the straight-line method for both financial book and tax purposes. The lives of the assets and depreciation expenses under this method are in accordance with generally accepted accounting principles. Depreciation charged to operations was \$4,533 for the year ended December 31, 2017.

**E. 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 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.

**GALLIA COUNTY COMMUNITY IMPROVEMENT CORPORATION**

Notes to the basic financial statements

December 31, 2017

**2. Property, Plant, Equipment and Land**

Property and equipment and related accumulated depreciation at December 31, 2017 are as follows:

	<u>2017</u>
Land	\$1,416,906
Land Improvements	15,002
Leasehold Improvements	2,000
Furniture, Fixtures, & Equipment	56,852
Less: Accumulated Depreciation	<u>(54,602)</u>
	<u>\$1,436,158</u>

**3. Industrial Park**

This property consists of raw land and development costs expended to date on the Industrial Park and sewer project on State Route 850 in Gallia County, Ohio. Several businesses have moved into the Industrial Park as of December 31, 2017.

**4. Cash**

The Corporation maintains a checking account and market watch account. Deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000. Deposits in excess of these amounts are uninsured. The carrying amount of cash at December 31 was as follows:

	<u>2017</u>
Total demand deposits	<u>\$198,510</u>

**Concentration of Credit Risk:** The Corporation's cash is placed with institutions with high credit ratings. This policy limits the Corporation's exposure to credit risk. However, at various times throughout the year, the Corporation carried amounts in excess of federally insured limits with a local bank.

**GALLIA COUNTY COMMUNITY IMPROVEMENT CORPORATION**

Notes to the basic financial statements

December 31, 2017

**4. Notes Payable**

Term debt consists of the following notes payable at December 31:

	<u>2017</u>
4.75% Variable-rate payable of New York Prime plus 1% in monthly installments of \$1,123.89 of interest only and one payment of \$341,244 of interest and principal on 09/17/2018. Interest payments vary with the number of days in the month and the interest rate. The collateral consists of commercial mortgage and assignment of leases and rents of even date	\$340,000

**5. Advertising and Marketing**

The Corporation's policy is to currently expense all advertising and marketing costs as the benefit is directly related to current periods with minimal future benefit.

**6. Related-Party Transaction**

Sale of Second Avenue property on December 13, 2017 in the amount of \$37,500 to Ohio Valley Bank Company. Board Member Tom Wiseman is the chief executive officer of Ohio Valley Bank Company.

# OHIO AUDITOR OF STATE KEITH FABER



53 Johnson Road  
The Plains, Ohio 45780-1231  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

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

Community Improvement corporation  
Gallia County  
16 State Street  
P.O. Box 465  
Gallipolis, Ohio 45631

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, Gallia County, Ohio (the Corporation), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2019.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed 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 report is not suitable for any other purpose.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

December 3, 2019





# *Gallia County*

CHAMBER OF COMMERCE ~ COMMUNITY IMPROVEMENT CORPORATION

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2018 AND 2017

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2016-001	Ohio Rev. Code §102, 2921.42, and 2921.43 – Failure to disclose potential conflicts and obtain Trustee approval	Fully Corrected	
2016-002	Ohio Admin. Code §117-2-02(D & E) – Property transactions recorded in the improper year	Fully Corrected	
2016-003	Material Weakness for financial statement errors requiring adjustments or reclassifications and lack of disclosure of related parties to notes to the financial statements	Fully Corrected	

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# OHIO AUDITOR OF STATE KEITH FABER



**COMMUNITY IMPROVEMENT CORPORATION OF GALLIA**

**GALLIA 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  
DECEMBER 19, 2019**