

***COMMUNITY IMPROVEMENT CORPORATION
NOBLE COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2015 & 2014





Dave Yost • Auditor of State

Board of Trustees
Community Improvement Corporation
48535 Cold Water Creek Road
Caldwell, Ohio 43724

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation, Noble County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2014 through December 31, 2015. 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 Community Improvement Corporation of Noble County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

August 31, 2016

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**COMMUNITY IMPROVEMENT CORPORATION
NOBLE COUNTY
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December 31, 2015 and 2014**

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

INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation
Noble County
48535 Cold Water Creek Road
Caldwell, Ohio 43724

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Improvement Corporation, Noble County, Ohio (the Corporation), as of and for the years ended December 31, 2015 and 2014, 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 the accounting principles generally accepted in the United States of America. This responsibility includes the 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 adverse audit opinion.

Basis for Adverse Opinion

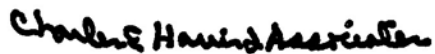
As described in Note 1 of the financial statements, the Corporation prepared these financial statements using the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. However, Ohio Revised Code Section 1724.05 and 1726.11 requires these statements to follow accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the cash basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumably material.

Adverse Opinion

In our opinion, because of the matter described in the *Basis for Adverse Opinion* paragraph, the financial statements do not present fairly the financial position, results of operations, and cash flows, where applicable, of the Corporation as of and for the years ended December 31, 2015 and 2014 in accordance with 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 25, 2016, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 25, 2016

**COMMUNITY IMPROVEMENT CORPORATION
NOBLE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Cash Receipts		
Interest	\$ 503	\$ 917
Miscellaneous	-	975
	<hr/>	<hr/>
<i>Total Cash Receipts</i>	503	1,892
Cash Disbursements		
Current:		
Contracts - Services	1,929	6,068
Support of Other Entities	268,117	43,023
Miscellaneous	-	1,295
	<hr/>	<hr/>
<i>Total Cash Disbursements</i>	<u>270,046</u>	<u>50,386</u>
<i>Net Change in Fund Cash Balances</i>	(269,543)	(48,494)
<i>Fund Cash Balances, January 1</i>	<u>588,349</u>	<u>636,843</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 318,806</u></u>	<u><u>\$ 588,349</u></u>

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

**COMMUNITY IMPROVEMENT CORPORATION
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Entity

The Community Improvement Corporation (the Corporation) is an Ohio non-profit corporation and was incorporated in 1963 under authority of Ohio Revised Code Section 1702.01 and Chapter 1724. The Corporation is governed by 5 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 Noble County.

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

B. Basis of Accounting

Although required by Ohio Revised Code Section 1724.05 and 1726.11 to file its annual report pursuant to accounting principles generally accepted in the United States of America, the Corporation chooses to prepare its financial statements on the cash basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

C. Tax Status

The Corporation is a nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. By virtue of Ohio law the Corporation is not subject to Ohio income taxes.

D. Property, Plant, and Equipment

Acquisitions of property, plant, and equipment are recorded as disbursement when paid. These items are not reflected as assets in the accompanying financial statements.

2. DEPOSITS

The Corporation maintains a checking account. The carrying amount of deposits at December 31, was as follows:

	<u>2015</u>	<u>2014</u>
Demand deposits	<u>\$ 318,806</u>	<u>\$ 588,349</u>

3. CASH HELD FOR HAPPY TIME POOL COMMITTEE

The Corporation receives and holds cash for Happy Time Pool Committee; a grassroots group established to renovate and open the Noble County swimming pool. This cash is not reported on the Corporation's financial statements. The amounts held by the Corporation on behalf of Happy Time Pool Committee is \$180,618 and \$148,181 in 2015 and 2014 respectively. In addition to holding cash, the Company's Board has committed \$150,000 and 2.5% of future Company royalties from the lease of mineral rights to Happy Time Pool Committee for the renovation and ongoing operations of the Noble County Pool.

**COMMUNITY IMPROVEMENT CORPORATION
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

4. NOTE RECEIVABLE

The CIC loaned \$150,000 to the Noble Water Authority. The \$150,000 was paid to the Noble Water Authority in two separate draws in August 2014 and January 2015. It is a 0% interest rate loan with quarterly payments beginning in 2016. The payments are equal to \$1 per thousands of gallons used in the water line paid for with the \$150,000 loan until funds are repaid.

5. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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Charles E. Harris & Associates, Inc.
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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

Community Improvement Corporation
Noble County
48535 Cold Water Creek Road
Caldwell, Ohio 43724

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 Community Improvement Corporation, Noble County (the Corporation) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated June 25, 2016, wherein we noted the Corporation followed a special purpose framework other than generally accepted accounting principles. Accordingly, we issued an adverse opinion on those financial statements for failure of the Corporation to prepare statements in accordance with accounting principles generally accepted in the United States of America.

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.

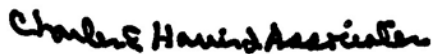
Compliance and Other Matters

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 an instance of noncompliance we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2015-001.

We noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 25, 2016.

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 & Associates, Inc.
June 25, 2016

**COMMUNITY IMPROVEMENT CORPORATION
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Noncompliance

Financial Statements not GAAP

Ohio Rev. Code § 1724.05 and § 1726.11 requires each community improvement corporation established under Ohio Rev. Code Chapter 1724 to file annual financial statements prepared in accordance with generally accepted accounting principles within 120 days of its fiscal year end. Auditor of State Bulletin 2005-002 describes the accounting and financial statement presentation requirements for GAAP-mandated entities.

The Corporation prepared its financial statements and notes following a special purpose framework not in accordance with generally accepted accounting principles. The accompanying financial statement and notes omit the financial position of the Corporation at December 31, 2015 and 2014, changes in financial position, cash flows, and disclosures that, while material, cannot be determined at this time. Furthermore, the Corporation failed to file those financial statements for 2014 or 2015. The Corporation can be fined and various other legal administrative remedies may be taken against the Corporation.

We recommend the Corporation take the necessary steps to ensure that the annual financial report is prepared and filed in accordance with generally accepted accounting principles.

Officials' Response: Management declined to respond to the aforementioned finding.

**COMMUNITY IMPROVEMENT CORPORATION
NOBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Ohio Rev. Code §1724.05 requiring the Corporation to file GAAP financial statements.	No	Not Corrected. Repeated as Finding 2015-001
2013-002	Ohio Admin. Code § 117-2-02(A) requires the maintenance of an effective accounting system.	Yes	Corrected.



Dave Yost • Auditor of State

COMMUNITY IMPROVEMENT CORPORATION OF NOBLE COUNTY

NOBLE 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 13, 2016**