



OHIO AUDITOR OF STATE  
**KEITH FABER**





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

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation  
Meigs County  
236 East Main Street  
Pomeroy, Ohio 45769

To the Board of Trustees:

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

We have audited the accompanying financial statements of the Community Improvement Corporation, Meigs County, Ohio (the Corporation), (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, Meigs County, Ohio, as of December 31, 2018 and 2017, and the changes in its net assets 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 November 25, 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

November 25, 2019

***Community Improvement Corporation***  
***Meigs County***

**Statement of Financial Position**  
**December 31, 2018**

**ASSETS**

<u>Current Assets</u>	<u>Dec. 31, 2018</u>
<b>Cash and Cash Equivalents</b>	
Farmers Bank - Reg Checking	\$ 802,182
Farmers Bank - Escrow	4,180
Farmers Bank - Revolving Loan	20,077
Farmers Bank - CD	55,475
Home National Bank 58	52,614
Accrued Interest	8,339
Rev Loan Current Portion	59,247
<b>Total Current Assets</b>	<b>\$ 1,002,114</b>
<b>Non-Current Assets</b>	
Rev Loan Fund - BP	\$ 15,132
Rev Loan Fund - MC	21,273
Rev Loan Fund - Inc	8,859
Rev Loan Fund - FCT	10,563
Rev Loan Fund - WME	9,325
Rev Loan Fund - HST	3,983
Rev Loan Fund - RC	19,347
Rev Loan Fund - PFS	4,891
Rev Loan Fund - COM	1,013
Lease to Purchase - Spec II RR	1,560,560
Rev Loan Fund Current Portion	(59,247)
<b>Total Non-Current Assets</b>	<b>\$ 1,595,699</b>
<b>Fixed Assets</b>	
Industrial Park - Cole Property	\$ 40,000
Land - Industrial Park 26.97 Acres	110,945
Improvements - Industrial Park	524,530
Building - State Garage - AEP	443,420
Mural Office Building	102,282
Mural Office Building Land	4,596
AEP Septic System Maj Repairs	20,200
Land - Pomeroy Jr High	74,900
Land - Monkey Run - Pomeroy Ohio	190,600
Holzer ER Building	5,996,596
Land - Health Campus	391,082
Website	24,265
Accumulated Depreciation	(1,608,104)
<b>Total Fixed Assets</b>	<b>\$ 6,315,312</b>
<b>TOTAL ASSETS</b>	<b>\$ 8,913,125</b>

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

*Community Improvement Corporation*  
*Meigs County*

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**Statement of Financial Position**  
**December 31, 2018**

**LIABILITIES**

<u>Current Liabilities</u>	<u>Dec. 31, 2018</u>
Prepaid Loan Fund	\$ 526
Unearned Income - ODOD II	3,242
Interest Payable	11,838
PP Real Estate Tax - Mural Building	3,189
Current Portion LTD	164,168
<b><i>Total Current Liabilities</i></b>	<b><u>\$ 182,963</u></b>
<u>Long Term Liabilities</u>	
Bond Payable - OVB - Holzer ER	5,073,400
Note Payable - Spec III	1,349,758
Current Portion LTD	(164,168)
<b><i>Total Long Term Liabilities</i></b>	<b><u>\$ 6,258,990</u></b>
<b>TOTAL LIABILITES</b>	<b>\$ 6,441,953</b>
Net Position	
Unrestricted Net Position - Prior	4,561,895
Current Income (Loss)	(2,090,723)
<b><i>Total Retained Net Position</i></b>	<b><u>\$ 2,471,172</u></b>
<b>TOTAL LIABILITIES AND NET Position</b>	<b><u>\$ 8,913,125</u></b>

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



***Community Improvement Corporation***  
***Meigs County***

**Statement of Activities and Change in Net Position**  
**For the Year Ended December 31, 2018**

<b><u>Operating Revenues:</u></b>	<b><u>Dec. 31, 2018</u></b>
CIC Dues	\$ 1,500
Lease Revenues	593,585
Interest & Loan Fee Revenues	27,746
Holzer Grant for Operating Expense	75,000
Donations to DT Revitalization	5,000
Donations	104
<b>Total Operating Revenues</b>	<b><u>\$ 702,935</u></b>
<b><u>Operating Expenses</u></b>	
Advertising and Marketing	\$ 4,393
Community Support	6,360
Depreciatin Expense	320,123
Downtown Revitalization Grant	4,650
Dues and Memberships	135
Interest Expense	306,951
Janitorial Fees	640
Legal and Professional Services	8,148
Meeting and Appreciation Expense	7,684
Mileage Reimbursement	207
Mowing/Snow/Cleaning/Maint	13,700
Office Expense	162
Payroll and Occupancy Paid to the County	75,000
Postage	270
Professional Services	15,000
Property and Other Insurance	16,301
Real Estate Taxes	14,360
Repairs and Maintenance	2,863
Revolving Loan Fees	62
Rounding	1
Security Expense	263
Utilities	4,567
<b>Total Expenses</b>	<b><u>\$ 801,840</u></b>
<b>Operating Income</b>	<b>\$ (98,905)</b>
<b><u>Other Income and Expenses</u></b>	
Capital Sales (Loss)	(2,123,369)
Lease to Purchase Spec III	131,551
<b>Total Other Income</b>	<b><u>\$ (1,991,818)</u></b>
<b>Net Increase (Decrease) in Net Position</b>	<b><u>\$ (2,090,723)</u></b>

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

**Community Improvement Corporation**  
**Meigs County**

**Statement of Cash Flows**  
**For the Year Ended December 31, 2018**

	<b>Dec. 31, 2018</b>
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>	
Increase/(Decrease) in Net Assets	\$ (98,905)
Adjustments to Reconcile Cash Flow:	
(Loss) or Gain on Sale of Assets	(1,991,818)
Depreciation	320,123
Decrease (Increase) in Current Assets:	
Accrued Interest	(8,339)
Accounts Receivable Late Payments	3
Rev Loan Current Portion	22,992
Increase (Decrease) in Current Liabilities	
Accounts Payable - Website	(13,350)
Interest Payable	1,760
PP Real Estate Taxes - Mural Building	3,189
Unearned Revenue - AEP Grant	(5,000)
Current Portion LTD	(145,109)
Total Adjustments	\$ (1,815,549)
<b>Cash Provided (Used) by Operations</b>	<b>\$ (1,914,454)</b>
<b><u>CASH FLOW FROM INVESTING ACTIVITIES:</u></b>	
Sales (Purchases) of Assets	
Rev Loan Fund - BP	(15,132)
Rev Loan Fund - MC	(21,273)
Rev Loan Fund - Inc	4,925
Rev Loan Fund - Jack	17,890
Rev Loan Fund - FCT	3,587
Rev Loan Fund - WME	2,899
Rev Loan Fund - HST	6,167
Rev Loan Fund - RC	5,375
Rev Loan Fund - PFS	2,479
Rev Loan Fund - MPAP	50,540
Rev Loan Fund - COM	1,372
Lease to Purchase Spec II RR	(1,560,560)
Rev Loan Current Portion	(22,992)
Land - Spec III - 4.743 Acres	19,511
Land - Spec 1 - 10 Acres	41,136
Building - Mural Office	(102,282)
Land - Mural Office Building	(4,596)
Building - Rem Ram	1,100,600
Land - Rio Grande	657,000
Buiding - Rio Grande	2,579,295
Sewer - Rio Grande	71,152
Building - Spec III	1,423,374
Website	(2,565)
Accumlated Depreciation from the Sale of Equipment	(1,042,827)
<b>Cash Provided (Used) by Investing</b>	<b>\$ 3,215,075</b>

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

***Community Improvement Corporation***  
***Meigs County***

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**Statement of Cash Flows**  
**For the Year Ended December 31, 2018**

**CASH FLOW FROM FINANCING ACTIVITIES:**

Note Payable - FB - Rio Grande	\$ (586,021)
Note Payable - HNB - RIO 37	(301,890)
Note Payable - ODOD Spec I	(146,097)
Note Payable - FB - RG Sewer	(36,213)
Bond Payable - OVB - Holzer ER	(119,538)
Note Payable - Spec III	(10,242)
Current Portion LTD	<u>145,109</u>
<b>Cash Provided (Used) by Financing</b>	<b>\$ (1,054,892)</b>
<b>Increase/(Decrease) in Net Position</b>	245,729
<b>Cash at the Beginning of Period</b>	<u>688,799</u>
<b>Cash at the End of Period</b>	<b><u><u>\$ 934,528</u></u></b>

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

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**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**1. Description of Entity**

The Community Improvement Corporation, Meigs County, Ohio (the Corporation), 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.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018  
(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**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.

**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, 2018, 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 \$320,123 for the year ended December 31, 2018.

**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 2009. 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, 2018.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018  
(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**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.

**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.

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 which 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. RGCC entered into a lease agreement July 1, 2007 with the Meigs Community Improvement Corporation for a period of 15 years of annual payments in the amount of \$216,000; \$18,000 monthly. At the end of the payment agreement RGCC would be able to purchase the complex for \$1.00 provided the mortgage is paid in full. Rio Grande elected to purchase the building paying the mortgage in the amount of \$832,586.70. This transaction was done as a community service to enhance educational and training opportunities in the county. The CIC was a pass-through entity for the project.

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.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018  
(Continued)**

**3. Fixed Assets (continued)**

Hospital Property – Pomeroy - CIC purchased land in the amount of \$391,082 for the construction of a freestanding emergency department that is approximately thirteen thousand (13,000) square feet. The cost of the project is \$5,996,596 for the construction of the building and the cost of the land of which the Corporation financed by obtaining two grants and a loan. The loan was from the Ohio Valley Bank. for \$5,500,000. The first grant was from ODOD in the amount of \$250,000 and went toward the construction of the building. The second was an ARC grant for \$250,000 and was awarded for the purchase of equipment for the ER. \$225,000 of the grant was paid out in 2014. The remaining \$25,000 was paid out after completion of the project. Financing for the project consists of Industrial Revenue Bonds which have been purchased by Ohio Valley Bank, 420 3<sup>rd</sup> Avenue, Gallipolis, Ohio 4563, in the amount of \$5,500,000 for a fixed 30-year term at 4% tax exempt. All funds have been drawn down from the loan with OVB. The project received their occupancy permit October 31, 2014.

Mural Building - The CIC entered into a purchase agreement with Cleland Realty to purchase the building located at 236 East Main Street, Pomeroy, OH. The sale closed on December 14, 2018 in the amount of \$106,000. The purpose of the purchase was to create a professional suite of offices to lease and enhance our downtown.

Depreciation of buildings is computed using the straight-lined method over an estimated useful life of thirty (39) years.

The Corporation maintains no personal property assets; therefore, there is no threshold for personal property assets.

**4. Industrial Park**

The property consists of land that was purchased in the 90's for the development of an industrial park and sewer project on State Route 7 in Tupper's Plains, Meigs County, Ohio. Since this purchase, further development includes a building for WeCan Fabricators, RemRam (Spec I), Dollar General, a car wash, Davis Pickering (Spec II), and a current Spec III project. The Industrial Park was purchased on Land in Tupper's Plains for \$240,000 with \$524,530 in subsequent capital improvements. Amounts reflected on the balance sheet allocate the cost of land to its corresponding project.



**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018  
(Continued)**

**5. Cash and Cash Equivalents**

The Corporation as of December 31, 2018, had the following deposits with local financial institutions.

	BALANCES @ 12/31/2018	
	Reconciled	Statement
Farmers B&S - Checking Regular	\$ 802,182	\$ 804,447
Farmers B&S - Revolving Account	\$ 20,077	\$ 20,077
Farmers B&S – ODOD II Escrow	\$ 4,180	\$ 4,180
Home National Bank - Savings	\$ 52,614	\$ 52,614
Farmers B&S - CD	\$ 55,475	\$ 55,475
Total	\$ 934,528	\$ 936,793

**Certificates of Deposit:** The Corporation also has one short term Certificates of Deposit being held at Farmers B&S with an initial investment amount of \$50,000 that has earned a total of \$5,475 in interest that has been rolled into the balance giving it a total ending balance as of 12/31/2018 of \$55,475. As of the dates of the financial statements, all of the Corporation’s deposits are fully collateralized by the Federal Deposit Insurance Corporation, under the terms of Section 343 of the Dodd – Frank Wall Street Reform and Consumer Protection Act.

**Revolving Account:** The Farmers Bank and Savings revolving account is made up of payments received from various loans given to local businesses. Due to the historic flooding in downtown Pomeroy in February 2018 the loan recipients were granted an extension onto their amortization schedule so that March 2018 payment was added to the end with no additional charges of interest.

**6. Debt**

The Corporation’s debt outstanding at December 31, 2018 was as follows:

	12/31/18 Principal	Interest Rate
Holzer Building	\$ 5,073,400	4.00%
Spec Building III Loan	\$ 1,349,758	5.25%
Total	\$ 6,423,158	

The Holzer Building industrial development revenue bonds were issued on May 30, 2013 for \$5,500,000. The bonds will mature on May 29, 2043 and are for the acquisition, new construction, equipping, and installation of the Holzer Emergency facility located on Pomeroy Pike in Meigs County, Ohio.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018  
(Continued)**

**6. Debt (continued)**

The 2010 Spec Building note through the Ohio Department of Development was authorized for \$440,000. The note will mature in March 2019 and was for the purpose of constructing a commercial/industrial building on a site located on State Route 7, Pomeroy, Ohio. RemRam Recovery, LLC, exercised the option to purchase the building in November 2018 for the amount of \$800,000 minus principal payments to date \$336,938.49; settlement charges \$4276.00; and the Ohio Department of Development \$103,131.77. Cash amount due to CIC \$355,653.74.

The 2008 Sewer - Rio Grande note through Farmers Bank and Savings Company was issued for \$71,151.55. The note will mature in August 2023 and was for the construction and installation of the sewer system at the Rio Grande Building site. RGCC exercised their option to purchase the Rio Grande building 08/29/2018. Proceeds from the sale paid off the entirety of the note through Farmers Bank and Savings Company.

The Spec III building note is a construction in progress loan through Farmers Bank was authorized for \$1,360,000 for the acquisition and new construction of 49650 East Park Drive; Tupper Plains, Ohio 45783. On September 7, 2018 the entire loan became a mortgage with the properties located at 49650 East Park Drive, Tupper Plains, Ohio and East Main Street, Pomeroy, Ohio 45769 being held as collateral. The terms of this loan is an initial variable interest rate of 5.25% and subject to change every five years thereafter. The new interest rate will be Prime plus .25% and can never decrease/increase more than 2% on the change date. The interest rate will never be greater than 11.25% or less than 4%. The mortgage will consist of 239 consecutive payments the first of which being on October 3, 2018 for \$9,216.75 subject to change upon interest rate reevaluation every five years.

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

The annual requirements to amortize debt outstanding as of December 31, 2018 including interest as follows:

Year Ending 31-Dec	Holzer ER	Spec III Bldg Note	Total
2019	327,892	110,601	438,493
2020	327,892	110,601	438,493
2021	327,892	110,601	438,493
2022	327,892	110,601	438,493
2023	327,892	110,601	438,493
2024-2028	1,639,458	553,005	2,192,463
2029-2033	1,639,458	553,005	2,192,463
2034-2038	1,639,458	525,354	2,164,812
2039-2043	1,443,857	0	1,443,857
<b>Total</b>	<b>\$8,001,691</b>	<b>\$2,184,369</b>	<b>\$10,186,060</b>

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018  
(Continued)**

**7. Operating Leases**

The Corporation had operating leases in effect as of December 31, 2018 with various entities for rental of building space. The details of these operating leases are as follows:

- 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. RemRam Recovery, LLC, exercised the option to purchase the building in November 30, 2018.
  
- 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 6¼ and 6¾ interest respectively final payment is June 2023 to coincide with the Lease Agreement) and Home National Bank, Racine, Ohio 45771 (Note payable at 12/31/2008 of \$591,301 at 6¼ interest) final payment is June 2023 to coincide with the Lease Agreement). Effective October 1, 2012 the building interest was reduced to 6 ½ percent. Notes payable at 12/31/2017 to Farmers Bank and Savings are \$586,021 and Home National Bank are \$301,890. A combined monthly payment of \$15,259.91 is remitted to Farmers Bank and Savings, who then forwards \$5,188.37 of that payment to Home National Bank. On August 29, 2018, Rio Grande elected to purchase the building paying the mortgage in the amount of \$832,586.70.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018  
(Continued)**

**7. Operating Leases (Continued)**

- The Holzer ER Building described in Footnote 3 is currently being rented to the Holzer Health Care Systems for \$28,000 a month beginning in 2015 with an open purchase option with terms to be determined if the purchase option is exercised.
- The Spec III building described in Footnote 3 is currently being rented to RemRam Recovery, LLC. They entered into a lease agreement with the Meigs County Community Improvement Corporation on September 27, 2018 in the amount of \$10,243 for a term of five years beginning October 1, 2018 with an option to renew for two additional period of five (5) years each, with an option to purchase the real estate.
- Revenue from operating leases were recorded at \$593,585 for 2018 down from the amount received in 2017 of \$692,427 due in part to the sale of the Rio Grande and Rem Ram Buildings.

**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 the date of this report. The Meigs County CIC has plans to build an additional building sometime in the near future in the Industrial Park but plans for construction have not yet been approved.

**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 Year Ended December 31, 2018  
(Continued)**

**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. In-Kind Contributions**

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, telephone and long distance expenses for the Corporation. In 2018, The Corporation contributed \$75,000 toward these expenses. The Economic Director and Administrative Assistant's, estimated time devoted to the Corporation is 50%, all of which was covered with this contribution resulting in no in-kind revenue or expenses allocated to the Corporation in 2018.

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*Community Improvement Corporation*  
*Meigs County*

Statement of Financial Position  
December 31, 2017

ASSETS

<u>Current Assets</u>	<u>Dec. 31, 2017</u>
<b>Cash and Cash Equivalents</b>	
Farmers Bank - Reg Checking	\$ 567,161
Farmers Bank - Escrow	4,174
Farmers Bank - Revolving Loan	10,215
Farmers Bank - CD	54,898
Home National Bank 58	52,351
Accounts Receivable Late Payments	3
Rev Loan Current Portion	82,239
<b>Total Current Assets</b>	<b>\$ 771,041</b>
 <b>Non-Current Assets</b>	
Rev Loan Fund - Inc	\$ 13,784
Rev Loan Fund - Jack	17,890
Rev Loan Fund - FCT	14,150
Rev Loan Fund - WME	12,224
Rev Loan Fund - HST	10,150
Rev Loan Fund - RC	24,722
Rev Loan Fund - PFS	7,370
Rev Loan Fund - MPAP	50,540
Rev Loan Fund - COM	2,385
Rev Loan Fund Current Portion	(82,239)
<b>Total Non-Current Assets</b>	<b>\$ 70,976</b>
 <b>Fixed Assets</b>	
Industrial Park - Cole Property	\$ 40,000
Land - Industrial Park 26.97 Acres	110,945
Land - Spec I - 10 Acres	41,136
Land - Spec III - 4.743 Acres	19,511
Improvements - Industrial Park	524,530
Building - State Garage - AEP	443,420
AEP Septic System Maj Repairs	20,200
Land - Pomeroy Jr High	74,900
Rem Ram Building	1,100,600
Land - New Rio Grande	657,000
Building - New Rio Grande	2,579,295
Sewer - Rio Grande	71,152
Land - Monkey Run - Pomeroy Ohio	190,600
Holzer ER Building	5,996,596
Land - Health Campus	391,082
Spec III Building	1,423,374
Website	21,700
Accumulated Depreciation	(2,330,808)
<b>Total Fixed Assets</b>	<b>\$ 11,375,233</b>
 <b>TOTAL ASSETS</b>	 <b>\$ 12,217,250</b>

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

**Community Improvement Corporation**  
**Meigs County**

**Statement of Financial Position**  
**December 31, 2017**

**LIABILITIES**

**Current Liabilities**

Account Payable Website	\$	13,350
Prepaid Loan Fund		526
Unearned Income - ODOD II		3,242
Interest Payable		10,078
Unearned Income - AEP Grant		5,000
Current Portion LTD		309,277

<b>Total Current Liabilities</b>	<b>\$</b>	<b>341,473</b>
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**Long Term Liabilities**

Note Payable - FB - Rio Grande	\$	586,021
Note Payable - HNB - RIO 37		301,890
Note Payable - ODOD Spec I		146,097
Note Payable - FB - RG Sewer		36,213
Bond Payable - OVB - Holzer ER		5,192,938
Note Payable - Spec III		1,360,000
Current Portion LTD		(309,277)

<b>Total Long Term Liabilities</b>	<b>\$</b>	<b>7,313,882</b>
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<b>TOTAL LIABILITES</b>	<b>\$</b>	<b>7,655,355</b>
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**Net Position**

Unrestricted Net Position - Prior		5,090,156
Current Income (Loss)		(528,261)

<b>Total Retained Net Position</b>	<b>\$</b>	<b>4,561,895</b>
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<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$</b>	<b>12,217,250</b>
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The notes to the financial statements are an integral part of this financial statement.



*Community Improvement Corporation*  
*Meigs County*

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**Statement of Activities and Changes in Net Position**  
**For the Year Ended December 31, 2017**

<u>Operating Revenues:</u>	Dec. 31, 2017
CIC Dues	\$ 950
Lease Revenues	692,427
Interest & Loan Fee Revenues	4,540
Holzer Grant for Operating Expense	75,000
Website Development Grant	5,000
<b>Total Operating Revenues</b>	<b>\$ 777,917</b>
<u>Operating Expenses</u>	
Advertising and Marketing	\$ 4,491
Bank Fees	74
Depreciatin Expense	401,817
Facade Improvement Grant	156
Interest Expense	326,007
Janitorial Fees	720
Legal and Professional Services	6,995
Meeting Expense	7,540
Meigs Community Fund - Grant	15,000
Mileage Reimbursement	255
Mowing/Snow/Contract	8,340
Office Expense	202
Other Taxes and Government Fees	72
Payroll and Occupancy Paid to the County	92,375
Postage	206
Professional Services	15,000
Property and Other Insurance	10,782
Real Estate Taxes	11,342
Repairs and Maintenance	305
Security Expense	261
State Audit Expense	7,835
Utilities	4,466
Website Expense - Grant Funded	5,000
<b>Total Expenses</b>	<b>\$ 919,241</b>
<b>Operating Income</b>	<b>\$ (141,324)</b>
<u>Other Income and Expenses</u>	
Capital Sales (Loss)	(366,388)
Capital Loss Revolving Loan	(20,549)
<b>Total Other Income</b>	<b>\$ (386,937)</b>
<b>Net Increase (Decrease) in Net Position</b>	<b>\$ (528,261)</b>

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

***Community Improvement Corporation***  
***Meigs County***

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**Statement of Cash Flows**  
**For the Year Ended December 31, 2017**

	<b>Dec. 31, 2017</b>
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>	
Increase/(Decrease) in Net Assets	\$ (141,324)
Adjustments to Reconcile Cash Flow:	
Loss or(Gain) on Sale of Assets	(386,937)
Depreciation	401,817
Decrease (Increase) in Current Assets:	
Rev Loan Current Portion	(52,261)
Rev Loan Past Due Amount	(3)
Increase (Decrease) in Current Liabilities	
Accounts Payable - Website	13,350
Prepaid Rev Loan Fund	526
Interest Payable	(7,505)
Unearned Revenue - AEP Grant	5,000
Current Portion LTD	(28,783)
Total Adjustments	\$ (54,796)
 <b>Cash Provided (Used) by Operations</b>	 <b>\$ (196,120)</b>
 <b><u>CASH FLOW FROM INVESTING ACTIVITIES:</u></b>	
Sales (Purchases) of Assets	
Rev Loan Fund - Jack	\$ (13,784)
Rev Loan Fund - SVC	(7,890)
Rev Loan Fund - FCT	282
Rev Loan Fund - WME	3,517
Rev Loan Fund - JBS	3,116
Rev Loan Fund - HST	30,587
Rev Loan Fund - RC	6,599
Rev Loan Fund - PFS	5,278
Rev Loan Fund - MPAP	2,430
Rev Loan Fund - COM	(50,540)
Rev Loan Fund Current Portion	(2,385)
Industrial Park - Cole Property	52,261
Land - Spec III - 4.743 Acres	28,408
Spec II Building	1,331,241
Spec III Building	(81,790)
Website	(21,700)
Accumlated Depreciation from the Sale of Equipment	(121,928)
 <b>Cash Provided (Used) by Investing</b>	 <b>\$ 1,163,702</b>

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

*Community Improvement Corporation*  
*Meigs County*

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**Statement of Cash Flows**  
**For the Year Ended December 31, 2017**

<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>	
Notes Payable - ODOD II	\$ (449,476)
Note Payable - FB - Rio Grande	(84,102)
Note Payable - HNB - RIO 37	(43,325)
Note Payable - ODOD Spec I	(45,853)
Note Payable - FB - RG Sewer	(5,080)
Bond Payable - OVB - Holzer ER	(114,800)
Note Payable - FB - Spec II	(69,259)
Note Payable - Spec III	41,293
Current Portion LTD	<u>28,783</u>
<b>Cash Provided (Used) by Financing</b>	<b>\$ (741,819)</b>
<b>Increase/(Decrease) in Net Position</b>	<b>225,763</b>
<b>Cash at the Beginning of Period</b>	<b>463,036</b>
<b>Cash at the End of Period</b>	<b><u>\$ 688,799</u></b>

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

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**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2017**

**1. Description of Entity**

The Community Improvement Corporation, Meigs County, Ohio (the Corporation), 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.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2017  
(Continued)**

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

**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.

**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, 2017, 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 \$401,817 for the year ended December 31, 2017.

**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 2009. 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, 2017.

**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 Year Ended December 31, 2017  
(Continued)**

**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.

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 which 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 balance sheet are land and building Rio Grande (\$3,236,295) for 12/31/2017 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.

The Corporation and the Ohio Department of Development entered into an agreement on May 16, 2011 that allowed the Corporation 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 of the financing with the Ohio Department of Development consists of a \$500,000 grant from ODOD, a \$250,000 GOA grant, and \$500,000 that will be a loan 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. The remaining \$260,173 in facility cost was used for engineering, permits, electrical and other associated costs of constructing this facility. This facility was then leased to Davis Pickering Company, 165 Enterprise Drive, Marietta, Ohio 45750 in December of 2013. In February 2014, the Corporation received an additional loan from Farmers Bank in the amount of \$83,384 in order to finance a fire suppression system. The lease payments were adjusted from \$8,750 to \$9,414 a month to compensate for the fire suppression system and bank financing payments. The terms of the lease purchase agreement are \$1,000,000 financed over 15 years at an interest rate of 4.75%. On March 17, 2017, after renting this facility for a substantial period, Davis Pickering exercised their

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2017  
(Continued)**

**3. Fixed Assets (continued)**

buyout provision and purchased the facility for a total of \$875,000. Proceeds from this sale was used to pay the remaining balance on the loan to ODOD in the amount of \$449,476, Farmers Bank in the amount of \$67,961, applicable interest for these loans totaling \$4,633, and related closing expenses of \$3,667. The remaining \$349,263 was deposited into the CIC General Fund. The corporation consented to the loss on the sale of the property due to the Spec II Building having been the recipient of an expired Ohio Rural Industrial Park Grant program. The program was designed to encourage speculative building development in rural counties with decreased costs to end users in the effort to encourage job growth. The building was a beneficiary of this program resulting in the sale price being below construction cost/value. A portion of the grant funds received to build the building were passed on to the buyer/job producer as an incentive to but the facility, stay in Meigs County and Ohio, and retain their existing jobs.

Holzer Health Systems purchased the land known as Hospital Property – Pomeroy in the amount of \$391,082 for the construction of a freestanding emergency department that is approximately thirteen thousand (13,000) square feet. The cost of the project is \$5,996,596 for the construction of the building of which the Corporation financed by obtaining two grants and a loan. The loan was from the Ohio Valley Bank. for \$5,500,000. The first grant was from ODOD in the amount of \$250,000 and went toward the construction of the building. The second was an ARC grant for \$250,000 and was awarded for the purchase of equipment for the ER. \$225,000 of the grant was paid out in 2014. The remaining \$25,000 was paid out after completion of the project. Financing for the project consists of Industrial Revenue Bonds which have been purchased by Ohio Valley Bank, 420 3<sup>rd</sup> Avenue, Gallipolis, Ohio 4563, in the amount of \$5,500,000 for a fixed 30-year term at 4% tax exempt. All funds have been drawn down from the loan with OVB. The project received their occupancy permit October 31, 2014.

Spec III Building – On July 5, 2016, CIC entered into a contract with Farmers Bank for \$1,360,000 to finance the construction of their third speculative building. Interest only payments based upon 2.75% of monies used as of that date, began August 5, 2016 with the entire loan anticipated on becoming a mortgage in July 2018. Pending board approval, the estimated terms proposed by Farmers bank is a 20-year adjustable mortgage, every five years, 2% cap each five, 6% cap lifetime, with a beginning rate of 5%. Monthly starting payments are estimated at approximately \$8,843. Kinsale Corporation was selected for the construction of this project based upon their bid that was submitted February 24, 2016 totaling \$1,328,000. The project was completed and their occupancy permit granted on December 31, 2017. A potential tenant has been submitted to the board for approval. Amounts reflected on the balance sheet consist of 4.743 acres at \$19,511 and building costs of \$1,423,375. No other construction costs are anticipated. All costs in excess of the loan from Farmers Bank were paid from the CIC General Fund.

Depreciation of buildings is computed using the straight-lined method over an estimated useful life of thirty (39) years.

The Corporation maintains no personal property assets; therefore, there is no threshold for personal property assets.



**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2017  
(Continued)**

**4. Industrial Park**

The property consists of land that was purchased in the 90's for the development of an industrial park and sewer project on State Route 7 in Tupper's Plains, Meigs County, Ohio. Since this purchase, further development includes a building for WeCan Fabricators, RemRam (Spec I), Dollar General, a car wash, Davis Pickering (Spec II), and a current Spec III project. The Industrial Park was purchased on Land in Tupper's Plains for \$240,000 with \$524,530 in subsequent capital improvements. Amounts reflected on the balance sheet allocate the cost of land to its corresponding project.

**5. Cash and Cash Equivalents**

The Corporation as of December 31, 2017, had the following deposits with local financial institutions.

	BALANCES @ 12/31/2017	
	Reconciled	Statement
Farmers B&S - Checking Regular	\$ 567,161	\$ 567,521
Farmers B&S - Revolving Account	\$ 10,215	\$ 10,215
Farmers B&S – ODOD II Escrow	\$ 4,174	\$ 4,174
Home National Bank - Savings	\$ 52,351	\$ 52,351
Farmers B&S - CD	\$ 54,898	\$ 54,898
Total	\$ 688,799	\$ 689,159

**Certificates of Deposit:** The Corporation also has one short term Certificates of Deposit being held at Farmers B&S with an initial investment amount of \$50,000 that has earned a total of \$4,898 in interest that has been rolled into the balance giving it a total ending balance as of 12/31/2017 of \$54,898. As of the dates of the financial statements, all of the Corporation's deposits are fully collateralized by the Federal Deposit Insurance Corporation, under the terms of Section 343 of the Dodd – Frank Wall Street Reform and Consumer Protection Act.

**Computer for Students:** This program was established to provide computers for school work to underprivileged students in Meigs county. Iva Sisson began raising funds for this program and approached Paul Reed, CEO of Farmers Bank and President of CIC, for aid with her project. She was able to obtain donations of outdated equipment from computer companies if they were donated to a nonprofit organization. All funds in this account are restricted to this program only and require the signature of both Iva Sisson and Paul Reed. On March 8, 2017 this account was closed due to inactivity. The remaining balance of \$35.85 was withdrawn and given to Iva Sisson for disbursement.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2017  
(Continued)**

**5. Cash and Cash Equivalents (continued)**

**Revolving Account:** The Farmers Bank and Savings revolving account is made up of payments received from various loans given to local businesses. In May 2017, the loan granted to JS with a remaining balance owed \$29,580 was defaulted upon. CIC was able to sell a portion of the inventory and equipment used to collateralize the loan to a local business owner, COM, for \$9,000. In 2017, the CIC collected a total of \$43,804 in revolving account funds.

**6. Debt**

The Corporation's debt outstanding at December 31, 2017 was as follows

	12/31/17 Principal	Interest Rate
Holzer Building	\$ 5,192,938	4.00%
Spec Building Loan	\$ 146,097	3.00%
Spec Building III Loan	\$ 1,360,000	5.00%
Sewer – Rio Grande	\$ 36,213	6.75%
Rio Grande – Land & Building	<u>\$ 887,911</u>	6.25%
Total	<u>\$ 7,623,159</u>	

The Holzer Building industrial development revenue bonds were issued on May 30, 2013 for \$5,500,000. The bonds will mature on May 29, 2043 and are for the acquisition, new construction, equipping, and installation of the Holzer Emergency facility located on Pomeroy Pike in Meigs County, Ohio.

The 2011 Rural Industrial Park Loan through the Ohio Department of Development (ODOD II loan) was authorized for \$500,000 and is for the purpose of constructing a new 35,000 square foot commercial/industrial building located in Orange Township, Meigs County, Ohio. Payments for this loan were in abeyance for six months from July 2016 to February 2017 due to financial difficulties experienced by the tenant. All interest accrued was paid in full. On March 10, 2017 Davis and Pickering purchased the Spec II building and paid off the ODOD II loan in the amount of \$454,721.

The 2010 Spec Building note through the Ohio Department of Development was authorized for \$440,000. The note will mature in March 2019 and was for the purpose of constructing a commercial/industrial building on a site located on State Route 7, Pomeroy, Ohio.

The 2014 Spec Building II note through the Farmers Bank and Savings Company was authorized for \$83,384. Payments of interest only are due through February 2015. Thereafter, principal and interest payments of \$943.93 will be due monthly through June 2024. On March 10, 2017, Davis and Pickering purchased the Spec II building paying off this loan in the amount of 67,382.

The 2008 Sewer - Rio Grande note through Farmers Bank and Savings Company was issued for \$71,151.55. The note will mature in August 2023 and was for the construction and installation of the sewer system at the Rio Grande Building site.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2017  
(Continued)**

**6. Debt (continued)**

The Spec III building note is a construction in progress loan through Farmers Bank was authorized for \$1,360,000 for the acquisition and new construction of 49650 East Park Drive; Tupper Plains, Ohio 45783. The construction in progress loan is anticipated to be converted into a mortgage in July 2018. Pending board approval, the estimated terms proposed by Farmers bank is a 20-year adjustable mortgage, every five years, 2% cap each five, 6% cap lifetime, with a beginning rate of 5%. Monthly starting payments are estimated at approximately \$8,843. Amounts referenced below for the Spec III Building are based on this estimate as presented by Farmers Bank at the 5% with no adjustments to interest made throughout the term.

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

The annual requirements to amortize debt outstanding as of December 31, 2017 including Interest as follows:

Year Ending 31-Dec	Holzer ER	ODOD	Rio Grande Sewer	Rio Grande Land and Building	Spec III Note	Total
2018	327,892	50,984	7,739	187,133	53,058	628,806
2019	327,892	122,661	7,739	187,133	106,116	751,541
2020	327,892	0	7,739	187,133	106,116	628,880
2021	327,892	0	7,739	187,133	106,116	628,880
2022	327,892	0	7,739	187,133	106,116	624,523
2023-2027	1,639,458	0	5,141	123,152	530,580	2,298,331
2028-2032	1,639,458	0	0	0	530,580	2,170,038
2033-2037	1,639,458	0	0	0	530,580	2,170,038
2038-2042	1,619,458	0	0	0	109,602	1,729,060
2043	132,289	0	0	0	0	132,289
<b>Total</b>	<b>\$8,309,581</b>	<b>\$173,645</b>	<b>\$43,836</b>	<b>\$1,054,460</b>	<b>\$2,178,864</b>	<b>\$11,760,386</b>

**7. Operating Leases**

The Corporation had operating leases in effect as of December 31, 2017 with various entities for rental of building space. The details of these operating leases are as follows:

- Lease of New Spec Building at 49705 East Park Drive, Tupper 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.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2017  
(Continued)**

**7. Operating Leases (continued)**

- 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 6¼ and 6¾ interest respectively final payment is June 2023 to coincide with the Lease Agreement) and Home National Bank, Racine, Ohio 45771 (Note payable at 12/31/2008 of \$591,301 at 6¼ interest) final payment is June 2023 to coincide with the Lease Agreement). Effective October 1, 2012 the building interest was reduced to 6 ½ percent. Notes payable at 12/31/2017 to Farmers Bank and Savings are \$586,021 and Home National Bank are \$301,890. A combined monthly payment of \$15,594.40 is remitted to Farmers Bank and Savings, who then forwards \$5,302.09 of that payment to Home National Bank for January through August. For September through December, a combined monthly payment of \$15,259.91 is remitted to Farmers Bank and Savings, who then forwards \$5,188.38 of that payment to Home National Bank.
- The second speculative building is described in Footnote 3 and is leased to Davis Pickering Company, DPC, 165 Enterprise Drive, Marietta, Ohio 45750 effective January 1, 2015. DPC shall make no payments during the initial twelve (12) months of the lease term. DPC annual payments in the amount of \$112,968 payable in advance in equal installments of \$9,414 shall be made on January 1, 2015 and be made monthly on the same day of each month thereafter. The initial lease shall be from lease years 2-6. DPC is given the option to renew the agreement for one (1) period of five (5) years at an increased lease payment of ten (10%) percent during the renewal period. DPC shall not assign or sublet the leased premises without the written consent of the Corporation. DPC exercised their purchase option on March 10, 2017 for the amount of \$875,000.
- The Holzer ER Building described in Footnote 3 is currently being rented to the Holzer Health Care Systems for \$28,000 a month beginning in 2015 with an open purchase option with terms to be determined if the purchase option is exercised.

Revenue from operating leases were recorded at \$692,427 for 2017 down from the amount received in 2016 of \$815,656 due in part to the sale of the Speculative II Building.

**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 the date of this report. The Corporation did convert the Spec III construction in progress loan to a mortgage in July 2018 with Farmers Bank. The CIC has leased this building to a tenant.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2017  
(Continued)**

**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.

**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. In Kind Contributions**

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, telephone and long distance expenses for the Corporation. In 2017, The Corporation contributed \$92,375 toward these expenses. The Economic Director and Administrative Assistant's, estimated time devoted to the Corporation is 50%, all of which was covered with this contribution resulting in no in-kind revenue or expenses allocated to the Corporation in 2017.

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# 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  
Meigs County  
236 East Main Street  
Pomeroy, Ohio 45769

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, Meigs 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 November 25, 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

### ***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*.

***Corporation's Response to Finding***

The Corporation's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not subject the Corporation's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 25, 2019



COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2018-001

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The financial statements had the following errors that required adjustment:

In 2017:

- Current portion of long term debt was understated \$39,676 and included in the long term portion.

In 2018:

- Current portion of long term debt was overstated \$70,873 and should have been included in the long term portion.

The audited financial statements have been adjusted for the issues noted above.

The Corporation Board of Trustees should review the financial statements prior to filing with the Auditor of State for reasonableness and accuracy.

**Officials' Response:** In the future, we will review the classification of long-term debt amount in more detail with our accountant prior to filing.

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# Community Improvement Corporation Meigs County

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## 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 Admin. Code § 117-2-02(A) – financial statement errors requiring adjustment or reclassification.	Not Corrected.	We will promptly make the required adjustments.

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# OHIO AUDITOR OF STATE KEITH FABER



**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  
DECEMBER 12, 2019**