

**COMMUNITY IMPROVEMENT CORPORATION**  
**MEIGS COUNTY**

**A Non-Profit Organization**  
**Independent Auditor's Report**

For the Years Ended  
**December 31, 2009 and 2008**

Prepared by:  
***James G. Mourning***  
**Certified Public Accountant**  
31-0991446

**Issued:**  
**June 30, 2010**  
**June 15, 2013**

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# Dave Yost • Auditor of State

Board of Trustees  
Meigs County Community Improvement Corporation  
238 West Main Street  
Pomeroy, Ohio 45769

We have reviewed the *Independent Accountants' Report* of the Meigs County Community Improvement Corporation, Meigs County, prepared by James G. Mourning, Certified Public Accountant, for the audit period January 1, 2008 through December 31, 2009. 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 Meigs County Community Improvement Corporation is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

September 6, 2013

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**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

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## JAMES G. MOURNING

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### INDEPENDENT ACCOUNTANTS' REPORT

Community Improvement Corporation Meigs County  
238 West Main Street  
Pomeroy, Ohio 45769

To the Board of Trustees:

I have audited the accompanying financial statements of the Community Improvement Corporation, Meigs County, Ohio (the Corporation), as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that I plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinions.

In my 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, 2009 and 2008, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 15, 2013, on my consideration of the Corporation's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While I did not opine on the internal control over financial reporting or on compliance, that report describes the scope of my testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of my audit.

I conducted my audit to opine on the financial statements that comprise the Corporation's financial statements taken as a whole. The Federal Awards Expenditures Schedule (the Schedule) provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This Schedule was subject to the auditing procedures I applied to the basic financial statements. I also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In my opinion, this information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

**James G. Mourning**  
Certified Public Accountant  
Middleport, Ohio 45760-1214  
June 30, 2010  
June 15, 2013

**Community Improvement Corporation  
Meigs County**

**Statement of Financial Position  
For The Years Ended December 31, 2009 and 2008**

<u>UNRESTRICTED ASSETS:</u>	2009	2008
<b>Current Assets</b>		
<b><u>Cash and Cash Equivalents (see Note 5)</u></b>		
Cash in Bank - Checking - Regular Farmers B&S	\$ 57,694	38,953
Cash in Bank - Checking - Rio Grande Farmers B&S	925	925
Cash - CD - Farmers B&S	50,000	0
Cash - CD - Home National Bank	50,000	50,000
<b>Total Cash and Cash Equivalents</b>	158,619	89,878
<b>Other Current Assets</b>		
Accounts Receivable Interest	194	2,363
Prepaid Lease AEP	2,292	0
Notes Receivable Mountaineer Metals	26,001	24,736
<b>Total Current Assets</b>	\$ 187,106	116,977
<b>Non-Current Assets</b>		
Long Term Notes Receivable Mountaineer Metals	\$ 165,833	191,834
<b>Fixed Assets</b>		
Building - Middleport & Improvements	\$ 200,000	200,000
Land and Improvements - Tuppers Plains	764,530	764,530
Land and Improvements - Pomeroy	265,251	265,251
New Building - Pomeroy	0	850,000
Hospital Property - Pomeroy	500,000	500,000
Building - State Garage - AEP	443,420	443,420
Land - Pomeroy Jr. High	74,900	74,900
Pamida Building - Pomeroy	0	500,000
Construction in Progress	1,080,000	1,080,000
Land - New Rio Grande	657,000	657,000
Building - New Rio Grande	2,579,295	2,571,670
Sewer - Rio Grande	71,152	71,152
Land - Monkey Run - Pomeroy	267,325	253,500
Less: Accumulated Depreciation	(487,780)	(646,806)
<b>Total Fixed Assets</b>	6,415,093	7,584,617
<b>Total Non Current Assets</b>	6,580,926	7,776,451
<b>Total Unrestricted Assets</b>	\$ 6,768,032	7,893,428

The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement



**Community Improvement Corporation  
Meigs County**

**Statement of Financial Position  
For The Years Ended December 31, 2009 and 2008**

<b>LIABILITIES AND UNRESTRICTED NET ASSETS:</b>	<u>2009</u>	<u>2008</u>
<b>Current Liabilities</b>		
Notes Payable - Farmer B&S - Rio Grande	\$ 46,699	43,013
Notes Payable - Home NB - Rio Grande	24,047	22,162
Prepaid Rents - Rio Grande	36,000	0
Notes Payable - Farmers B&S - Pamida Building	0	27,093
Interest Payable	22,052	20,448
Accounts Payable	1,045	22,019
Notes Payable - Farmers B&S -Rio Grande Sewer	2,912	3,032
Total Current Liabilities	<u>\$ 132,755</u>	<u>137,767</u>
 <b>LONG-TERM LIABILITIES:</b>		
Notes Payable - Farmers B & S - Rio Building	\$ 1,059,231	1,104,594
Notes Payable - Home NB -Rio Grande	545,751	569,139
Notes Payable - ODOD - Millennium Bldg	0	439,419
Notes Payable - Farmers B & S - Pamida Building	0	393,444
Notes Payable - Spec Building	440,000	440,000
Notes Payable - Farmers B&S - Hospital	300,000	300,000
Notes Payable - Farmers B&S - Rio Grande Sewer	65,662	68,120
Total Long-Term Liabilities	<u>2,410,644</u>	<u>3,314,716</u>
 <b>TOTAL LIABILITIES</b>	 <u>2,543,399</u>	 <u>3,452,483</u>
 <b>UNRESTRICTED RETAINED NET ASSETS</b>		
Unrestricted Retained Net Assets - Prior	4,440,945	4,433,438
Unrestricted Retained Net Assets - Current	<u>-216,312</u>	<u>7,507</u>
 <b>Total Unrestricted Net Assets</b>	 <u>4,224,633</u>	 <u>4,440,945</u>
 <b>TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS</b>	 <u>\$ 6,768,032</u>	 <u>7,893,428</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>Operating Revenues:</b>		
<b>Increases in Unrestricted Net Assets</b>		
CIC Dues	\$ 200	2,050
Lease Revenue	320,242	194,701
Other Revenue	2,127	2,579
<b>Total Operating Revenues</b>	<b>\$ <u>322,569</u></b>	<b><u>199,330</u></b>
 <b>Operating Expenses:</b>		
<b>Decreases in Unrestricted Net Assets</b>		
Administrative Expenses	\$ 0	5,014
Advertising and Marketing	1015	680
Dues	0	0
Depreciation	193,758	147,339
Economic Workforce Expense	0	14,994
Janitorial Fees	0	0
Lease Payments - Meigs County	27,500	27,500
Miscellaneous	7,603	7,824
Mowing/Snow /Contract	2,070	2,286
Professional Fees	17,104	15,614
Property and Other Insurance	11,814	10,695
Real Estate Taxes	35,502	19,156
Repairs and Maintenance	0	3,625
Supplies	119	2,295
Utilities	16,535	13,627
<b>Total Operating Expenses</b>	<b><u>313,020</u></b>	<b><u>270,649</u></b>
<b>Net Increase (Decrease) in Operating</b>	<b>\$ <u>9,549</u></b>	<b><u>(71,319)</u></b>
 <b>Nonoperating Revenues (Expenses):</b>		
Intergovernmental Grants - Department of Development	\$ 89,419	200,000
Earnings on Investments	11,533	14,032
Interest & Finance Charges	(193,021)	(135,206)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ <u>(92,069)</u></b>	<b><u>78,826</u></b>
 <b>Sale of Fixed Assets</b>		
Millinium Building	350,000	0
Cost of Sales Millinium Building	580,549	0
<b>Net Profit (Loss)</b>	<b>\$ <u>(230,549)</u></b>	<b><u>0</u></b>
 Pamida Building	\$ 513,424	0
Cost of Sales Pamida Building	416,667	0
<b>Net Profit (Loss)</b>	<b>\$ <u>96,757</u></b>	<b><u>0</u></b>
 <b>Net Increase (Decrease) in Net Assets</b>	<b>\$ (216,312)</b>	<b>7,507</b>

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The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**STATEMENT OF ACTIVITIES  
As of December 31, 2009 and December 31, 2008**

continued from page 4

		<u>2009</u>		<u>2008</u>
Net Increase (Decrease) in Net Assets	\$	-216,312	\$	7,507
<b><u>In - Kind</u></b>				
<b>In - Kind</b>				
Revenue		27,085		27,235
Expense		27,085		27,235
<b><u>Summary</u></b>				
Total Revenue		1,314,030		440,597
Total Expense		<u>1,530,342</u>		<u>433,090</u>
Increase (Decrease) in Net Assets		<u>(216,312)</u>		<u>7,507</u>
Unrestricted Net Assets January 1		4,440,945		4,433,438
Unrestricted Net Assets December 31	\$	<u>4,224,633</u>	\$	<u>4,440,945</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2009 and 2008**

	2009	2008
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$ 320,242	194,701
Cash Received for Operating Revenues	2,327	4,629
Cash Payments to Suppliers and Goods and Services	(138,632)	(100,343)
Net Cash Used for Operating Activities	183,937	98,987
<b>Cash Flows from Financing Activities:</b>		
Operating Grants Received	89,419	200,000
Contributions	0	0
Principal Payments	(925,714)	(69,186)
(Increase) Decrease in Accounts and Notes Receivable	24,613	293,894
Interest and Finance Charges	(193,021)	(135,206)
Proceeds from Notes Payable	0	1,299,136
Acquisition of Capital Assets	(21,450)	(1,749,961)
Sale of Fixed Assets	863,424	0
Prepaid Rents	36,000	0
Net Cash Flows from Financing Activities	(126,729)	(161,323)
<b>Cash Flows from Investment Activities:</b>		
Interest on Investments and Notes	11,533	14,032
Net Cash from Investing Activities and Notes	11,533	14,032
Net Increase (Decrease) in Cash and Cash Equivalents	68,741	(48,304)
Cash and Cash Equivalents at Beginning of Year	89,878	138,182
<b>Cash and Cash Equivalents - End of Reporting Year</b>	\$ 158,619	89,878
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>		
Increase (Decrease) Net Assets	9,549	(71,319)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities		
Depreciation	193,758	147,339
Changes in Assets and Liabilities		
Increase (Decrease) Accounts Payable	(19,370)	22,967
Total Adjustments	174,388	170,306
<b>Net Cash Used for Operating Activities</b>	\$ 183,937	98,987

The Accompanying Notes to the Financial Statements are an Integral Part of this Financial Statement

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2009 and December 31, 2008**

**1. Description of Entity**

The Community Improvement Corporation, Meigs County (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.

*Conditional Promises to Give.* As of the dates of the financial statements, the Corporation had no conditional promises to give from any funding or potential funding source.

*Use of Estimates.* Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from those estimates.

*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 years-end and throughout the years, 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.

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.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2009 and December 31, 2008**

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

- **Permanently restricted net assets** – Permanently restricted net assets are those that may never be spent. Such net assets could include certain museum collection objects, which, by donor stipulation, may never be deaccessioned; or undeveloped land, which is subject to a perpetual conservation easement prohibiting future commercial use. 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 the date of the financial statements, all assets were unrestricted.

**B. Tax Status**

*Income Taxes.* The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and corresponding provisions of Ohio law and, accordingly, is not subject to federal or state income tax.

**C. 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 \$193,758 and \$147,339 for the years ended December 31, 2009 and 2008 respectively.

**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 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.

**F. Comparative Statements**

For the purposes of additional analysis, all of the financial statements presented have been presented with the audited prior fiscal year amounts (January 1, 2008 through December 31, 2008).

**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.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2009 and December 31, 2008**

**3. Fixed Assets (Continued)**

The Midwest Steel Building was sold to Mountaineer Metals, Inc. on May 17, 2006 for \$325,000 and the corporation received a down payment of \$50,000 and a note from Mountaineer Metals for \$275,000 secured by a first mortgage on the building and real estate. The term of this note is ten (10) years at a 5% interest rate with a monthly payment of \$2,916.80. Although the net book value of this building is \$651,667, the out of pocket cost was zero (0) as the building was contributed to the corporation and a grant was used to renovate this building.

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 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 cash balance (\$925) and land and building Rio Grande (\$3,228,670) for 12/31/2008 and (\$3,236,295) for 12/31/2009 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. Currently a Foundation has been formed to build a new athletic facility. If this is successful, this restriction would be lifted and a permanent building or fixture could be built.

Depreciation of buildings is computed using the straight-lined method over an estimated useful life of thirty (30) years.

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

**4. Industrial Park**

The property consists of raw land and development costs expended to date on the industrial park and sewer project on State Route 7 in Tupper's Plains, Meigs County, Ohio.

**5. Cash and Cash Equivalents**

The Corporation as of December 31, 2009 and December 31, 2008, had the following deposits with local financial institutions.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2009 and December 31, 2008

**4. Cash and Cash Equivalents (Continued)**

	BALANCES @ 12/31/2008	
	Reconciled	Statement
Farmers B&S – Checking Regular	\$ 38,953	\$ 22,461
Farmers B&S – Checking Rio Grande	\$ 925	\$ 81,531
Home National Bank - CD	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Total	<u>\$ 89,878</u>	<u>\$ 153,992</u>

	BALANCES @ 12/31/2009	
	Reconciled	Statement
Farmers B&S – Checking Regular	\$ 57,694	\$ 72,300
Farmers B&S – Checking Rio Grande	\$ 925	\$ 925
Home National Bank - CD	\$ 50,000	\$ 50,000
Farmers B&S - CD	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Total	<u>\$ 158,619</u>	<u>\$ 173,225</u>

**Certificates of Deposit:** The Corporation also has two short term Certificates of Deposit in Home National Bank in the amount of \$50,000 and Farmers B& S in the amount of \$50,000.

As of the dates of the financial statements, all of the Corporation's deposits are fully collateralized by the Federal Deposit Insurance Corporation.



**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

For the years ended December 31, 2009 and December 31, 2008

**6. Debt**

The Corporation's debt outstanding at December 31, 2009 and 2008 was as follows

	12/31/09 Principal	12/31/08 Principal
Millenium Building Note	\$ 0	\$ 439,419
Pamida Building Note	\$ 0	\$ 420,537
Spec Building Note	\$ 440,000	\$ 440,000
Land – Hospital	\$ 300,000	\$ 300,000
Sewer – Rio Grande	\$ 68,574	\$ 71,152
Rio Grande – Land & Building	\$ 1,675,728	\$ 1,738,908
Total	<u>\$ 2,484,302</u>	<u>\$ 3,410,016</u>

The Industrial Park note was issued by Farmers Bank & Savings and was approved to finance improvements at the Meigs County Industrial Park. This Note was paid in full during 2008.

The Millenium Building was sold to the Village of Pomeroy for \$350,000 effective October 20, 2009. \$89,419 is reflected in the financial statements as Intergovernmental Grants which brings the Note Payable to the Ohio Department of Development to a zero (0) balance.

The Pamida Building located at 41300 Laurel Cliff Road, Pomeroy, Ohio was sold to Buckley Brothers, LLC on the original terms and conditions of the lease purchase agreement. This sale is reflected in the December 31, 2009 financial statements as Sale of Fixed Assets.

The Spec Building note was issued by the Ohio Department of Development for the purpose of constructing a specific building on a site located on State Route 7, Pomeroy, Ohio, which remains unoccupied at 12/31/09. The note is interest-free for years 1 (one) through 5 (five). (See Mutual Release first paragraph Page 13 and Lease Purchase Agreement.)

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

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the years ended December 31, 2009 and December 31, 2008

The annual requirements to amortize debt outstanding as of December 31, 2009 including Interest are as follows:

Year Ending 31-Dec	Rio Grande Building	Spec Building	Sewer Rio Grande	Total
2010	\$206,195	\$39,039	\$7741	\$252,975
2011	\$206,195	\$51,968	\$7741	\$265,904
2012	\$206,195	\$51,968	\$7741	\$265,904
2013	\$206,195	\$51,968	\$7741	\$265,904
2014-2018	\$1,030,975	\$258,288	\$38,705	\$1,327,968
2019-2023	\$ 853,505	\$ 62,430	\$33,991	\$949,926
<b>Total</b>	<b>\$2,709,260</b>	<b>\$515,661</b>	<b>\$103,660</b>	<b>\$3,328,581</b>

**7. Operating Lease**

The Corporation had operating leases in effect as of December 31, 2009 with various entities for rental of building space. The details of these operating leases are as follows:

- Rio Grande Crossroads Program is leasing a two-story building consisting of approximately 4,550 square feet, located at 150 Mill Street, Middleport, Ohio, for a period of 1 year for \$600 per month. On April 7, 2010, Meigs County Community Improvement Corporation contributed this facility to Meigs County, Ohio, to be used by Meigs County Jobs and Family Services. Meigs County Community Improvement Corporation acquired this building as a gift from American Electric Power and recorded the value at \$200,000 as a contribution at that time. The net book value at December 31, 2009 was \$133,330. This amount will be reflected as a contribution in the December 31, 2010 Financial Statements.
- The Millenium Building was sold to the Village of Pomeroy for \$350,000 effective October 20, 2009. \$89,419 is presented on the statement of activities to reflect debt-forgiveness from the Ohio Department of Development related to this project. Therefore the note payable is reflected as zero (0) balance at December 31, 2009.
- Buckley Brothers, LLC, leased a building and property located at 41300 Laurel Cliff Road, Pomeroy, Ohio, for a period of 5 (five) years, commencing on April 1, 2005 for \$2,979.17 first month and \$5,311.04 per month thereafter. On October 31, 2009, Buckley Brothers, LLC purchased this facility on the original terms and conditions of the Lease Purchase Agreement. This sale is reflected in the current period Financial Statements as Sale of Fixed Assets on the Statement of Activities.
- Ohio Power Company leased the property located at 34844 State Route 7, Pomeroy, Ohio, for a period for three (3) years commencing as of November 1, 2006 and ending October 31, 2009, the lease payment is \$2,291.67 per month for this lease period. This lease has been extended for an additional three (3) years beginning November 1, 2009 to October 31, 2012. The lease payment is \$2,406.25 per month for this lease period.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

For the years ended December 31, 2009 and December 31, 2008

**7. Operating Lease (Continued)**

- Effective July 21, 2009, American Security Resource Corporation (ASR) and Meigs County Community Improvement Corporation (CIC) contracted a settlement agreement and mutual release from all claims arising under a Lease dated January 3, 2009 between the CIC and ASR. The speculative building located at 49705 East Park Drive, Tappers Plains, Ohio 45783. On February 22, 2010, a Lease Purchase Agreement was signed with Rem Ram Recover, LLC of Reedsville, Ohio, effective September 2010 for Fifteen (15) years payable in equal monthly installments of \$7,049.89. Rem Ram has the option to purchase the leased premises at anytime during the term of the Lease for the sum of eight hundred thousand dollars (\$800,000) less the amount of principal that has been paid to date of the closing.
- CIC, acting as agent for the Meigs County Commissioners, on May 9, 2007 purchased 13.293 acres of real estate at Pomeroy Pike, Pomeroy, Ohio for a purchase price of \$500,000 from Jay Hall, Jr. A \$200,000 grant was received from the Ohio Department of Development toward this purchase price; the remainder was financed by Farmers Bank and Savings. The Meigs County Commissioners plan to build a Meigs County Medical Facility on this property at a future date. An appraisal dated January 3, 2007 was performed by Cheryl Lemley, Licensed Residential Appraiser and estimated the market value of this real estate to be \$1,077,000. On April 16, 2010, Family Healthcare Inc., 1049 Western Ave., Chillicothe, Ohio, 45601, purchased approximately three (3) acres of this property for \$73,027 to build a "healthcare and related services" facility.  
This transaction will be reflected in the December 31, 2010 Financial Statements.
- 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 8 ½% and 6 ¼% interest respectively final payment is June 2023 to coincide with the Lease Agreement) Home National Bank, Racine, Ohio 45771 (Note payable at 12/31/2008 of \$591,301 at 8 ½% interest) final payment is June 2023 to coincide with the Lease Agreement). Notes payable at 12/31/2009 to Farmers Bank and Savings are \$1,105,930 and \$68,574 and Home National Bank \$569,798. The total monthly payment for all of the above is \$17,828. As previously stated, the monthly lease amount from the University of Rio Grande is \$18,000.

Revenue from operating leases was recorded at \$320,242 for 2009 and \$194,701 for 2008.

**8. 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.

**9. 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.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
For the years ended December 31, 2009 and December 31, 2008**

**11. 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.

**12. Middleport Development Group**

The Executive Director and Administrative Assistant, in the interest of development, has acted as agent for the Middleport Development Group on a no-fee basis. All assets, liabilities, revenues and expenses are appropriate to them and are not included in these statements.

**13. In Kind**

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.

The Board also pays the telephone and long distance expenses for the Corporation.

Based on the Economic Director and Administrative Assistant's, estimated time devoted to the Corporation in-kind revenue and expenses allocated to the Corporation is \$27,235 for 2008 and \$27,085 for 2009.

**14. Federal Awards**

The United States Department of Agriculture requires an OMB Circular A-133 audit since they have guaranteed a note with original principal of \$1,758,565 dated August 10, 2009 from Farmers Bank and Savings Company, Pomeroy Office, 112 West Second Street, Pomeroy, Ohio 45769. Balance payable December 31, 2009 is \$1,675,728 and balance payable at December 31, 2008 is \$1,738,908. Normally a schedule of expenditures of federal awards would be presented for the purposes of additional analysis, as required of the United States Office of Budget and Management Circular A-133, Audits of State, Local Governments and Non-Profit Organizations. No such schedule has been presented as no actual federal monies have been received or expended by the corporation. Federal assistance for the entity is related to the above loan guarantees.

Due to a misunderstanding an OMB Circular A-133 audit was not secured for December 31, 2009 and December 31, 2008. Community Improvement Corporation, Meigs County, takes full responsibility for this misunderstanding.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2008**

<b>FEDERAL GRANTOR/ Pass Through Grantor/ Program Title</b>	<u>Project Number</u>	<u>Federal CFDA Number</u>	<u>Disbursements</u>
<i>Direct from Federal Government:</i>			
<b>U.S. Department of Agriculture</b>			
Community Facilities Loans and Grants	41-053-280808367	10.766	<u>\$1,137,312</u>
Total U.S. Department of Agriculture			1,137,312
<i>Direct from Federal Government:</i>			
<b>Appalachia Regional Development Commission</b>			
Appalachian Regional Development	OH-15433	23.001	<u>250,000</u>
<b>Total Appalachia Development Commission</b>			<u>250,000</u>
<b>Total Federal Awards Expenditures</b>			<u>\$1,387,312</u>

*The Notes to the Federal Awards Expenditures Schedule is an integral part of the Schedule.*

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**NOTES TO THE FEDERAL AWARDS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Community Improvement Corporation's (the Corporation's) federal award programs disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – LOAN GUARANTEE PROGRAM**

The Corporation was approved for a loan guarantee of 90% of the initial loan amount of \$1,758,565, with the guaranteed amount equal to \$1,582,708. The amount reflected as disbursements on the Schedule are the qualifying disbursements from the loan paid in cash during 2008. It was not practical to determine the guarantee amount from each transaction paid.



# JAMES G. MOURNING

Certified Public Accountant  
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## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Community Improvement Corporation Meigs County  
238 West Main Street  
Pomeroy, Ohio 45769

To the Board of Trustees:

I have audited the financial statements of the Community Improvement Corporation, Meigs County, Ohio (the Corporation), as of and for the years ended December 31, 2007 and 2006, and have issued my report thereon dated June 30, 2010 and June 15, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Corporation's internal control over financial reporting as a basis for designing my audit procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, I have not opined on the effectiveness of the Corporation's internal control over financial reporting.

*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 more than a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and timely corrected.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider material weaknesses, as defined above.

### Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, I 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, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express an opinion. The results of my tests disclosed no instances of noncompliance or other matters I must report under *Government Auditing Standards*.

I intend this report solely for the information and use of management, the Board of Trustees, and federal awarding agencies and pass-through entities, and others within the Corporation. I intend it for no one other than these specified parties.

James G. Mourning  
Certified Public Accountant  
Middleport, Ohio 45760-1214  
June 30, 2010  
June 15, 2013



## JAMES G. MOURNING

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### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Community Improvement Corporation  
Meigs County  
238 West Main Street  
Pomeroy, Ohio 45769

To the Board of Trustees:

#### Compliance

I have audited the compliance of the Community Improvement Corporation, Meigs County, Ohio (the Corporation), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Corporation's major federal program for the year ended December 31, 2008. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the Corporation's major federal program. The Corporation's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to the major federal program. My responsibility is to express an opinion on the Corporation's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing other procedures I considered necessary in the circumstances. I believe my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Corporation's compliance with those requirements.

In my opinion, the Corporation complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2008. However, the results of my auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting my opinion on compliance, OMB Circular A-133 requires me to report. The accompanying Schedule of Findings lists this instance as Finding 2008-01.

#### Internal Control Over Compliance

The Corporation's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the Corporation's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine my auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, I have not opined on the effectiveness of the Corporation's internal control over compliance.



Community Improvement Corporation  
Meigs County  
Independent Accountants' Report on Compliance with  
Requirements Applicable to Each Major Federal Program  
and on Internal Control Over Compliance in Accordance with OMB Circular A-133  
Page 2

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

The Corporation's response to the finding I identified is described in the accompanying Schedule of Findings. I did not audit the Corporation's response and, accordingly, I express no opinion on it.

I intend this report solely for the information and use of the management, Board of Trustees, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**James G. Mourning**  
Certified Public Accountant  
Middleport, Ohio 45760-1214

June 15, 2013

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2008**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Facilities Loans and Grants – CFDA #10.766
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None.

**COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2008  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS**

<b>Finding Number</b>	2008-01
<b>CFDA Title and Number</b>	CFDA #10.766
<b>Federal Award Number / Year</b>	Community Facility Loans and Grants
<b>Federal Agency</b>	United States Department of Agriculture
<b>Pass-Through Agency</b>	N/A

**Noncompliance Citation**

OMB Circular Number A-133, Subpart C, § .300(a) requires the auditee to identify in its accounts, all Federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

Furthermore, OMB Circular Number A-133, Subpart B § .200(a) requires that non-federal entities that expend \$500,000 or more in a year in Federal awards shall have a single or program-specific audit conducted annually. Subpart C, § .300(e) also requires the auditee to ensure that the audits required by this part are properly performed and submitted when due (within nine months of the year end).

A federal single audit was performed for the year ended December 31, 2008 but the completion of the audit did not meet the single audit deadline of September 30, 2009.

I recommend the Corporation submit the annual financial report to the Single Audit Clearinghouse within nine months of the fiscal year end.

**Official's Response and Corrective Action Plan:** None

COMMUNITY IMPROVEMENT CORPORATION  
MEIGS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 § .315(b)  
DECEMBER 31, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-01	The 2007 Single Audit was not obtained in a timely manner as required by OMB Circular Number A-133, Subpart C, § .300(a).	No	The single audits for 2007 and 2008 were conducted in 2013.



# Dave Yost • Auditor of State

**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  
SEPTEMBER 19, 2013**