



Dave Yost • Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE
ROSS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation of Greater Chillicothe
Ross County
45 East Main Street
Chillicothe, Ohio 45601

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Improvement Corporation of Greater Chillicothe, Ross County, Ohio (the Corporation), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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.

Basis for Qualified Opinion

The Corporation has not provided support for donations received and miscellaneous receipts. Amounts for donations and related cash balances not supported on the financial statements totaled \$16,300 for the year ended December 31, 2016. Amounts for miscellaneous receipts and cash balances not supported on the financial statements totaled \$3,913 for the year ended December 31, 2016 and \$4,212 for the year ended December 31, 2015.

We were unable to obtain sufficient appropriate audit evidence supporting the completeness and accuracy for donations and miscellaneous receipts deposited into the Corporation's bank account. The undocumented transactions represent 15% of 2016 receipts and 2% of 2015 receipts.

Qualified Opinions

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Improvement Corporation of Greater Chillicothe, Ross County, Ohio as of December 31, 2016 and 2015 and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2018, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

September 13, 2018

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016**

ASSETS

CURRENT ASSETS

Cash \$271,693

TOTAL CURRENT ASSETS 271,693

OTHER ASSETS

Industrial Park Land and Improvements Held for Resale 892,525

Furniture and Equipment 5,297

Building - Airport Hangar 535,000

Less: Accumulated Depreciation (87,605)

Net Property and Equipment 452,692

TOTAL OTHER ASSETS 1,345,217

TOTAL ASSETS \$1,616,910

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued Real Estate Taxes \$5,171

Accrued Interest Payable 1,400

Notes Payable - Current portion 33,749

TOTAL CURRENT LIABILITIES 40,320

NONCURRENT LIABILITIES

Long-Term Notes Payable 336,331

TOTAL LIABILITIES 376,651

NET ASSETS

Unrestricted - Undesignated 261,705

Unrestricted - Designated 975,629

Total Unrestricted 1,237,334

Temporarily Restricted 2,925

TOTAL NET ASSETS 1,240,259

TOTAL LIABILITIES AND NET ASSETS \$1,616,910

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
CHANGES IN NET ASSETS:			
OPERATING REVENUE AND OTHER SUPPORT:			
Donations	\$18,525	\$0	\$18,525
Membership Dues	2,487	0	2,487
Rent	62,205	0	62,205
Interest on Deposits	111	0	111
Miscellaneous	3,913	0	3,913
TOTAL OPERATING REVENUE AND SUPPORT	87,241	0	87,241
OPERATING EXPENSES:			
Office Supplies	199	0	199
Accounting/Legal	1,646	0	1,646
Gateway Industrial Park Expenses	24,925	0	24,925
Telephone	544	0	544
Insurance	1,822	0	1,822
Real Estate Taxes	5,171	0	5,171
Interest Expense	16,406	0	16,406
Miscellaneous	327	0	327
Depreciation Expense	13,718	0	13,718
TOTAL OPERATING EXPENSES	64,758	0	64,758
CHANGE IN NET ASSETS FROM OPERATIONS	22,483	0	22,483
OTHER CHANGES:			
Gain on Sale of Property	37,860	0	37,860
TOTAL OTHER CHANGES	37,860	0	37,860
CHANGE IN NET ASSETS	60,343	0	60,343
NET ASSETS, BEGINNING OF YEAR	1,176,991	2,925	1,179,916
NET ASSETS, END OF YEAR	\$1,237,334	\$2,925	\$1,240,259

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLCOTHE,
ROSS COUNTY, INCLUDING CHILLCOTHE, OHIO, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in Net Assets \$22,483

*Adjustments to Reconcile Change in Net Position to
Net Cash Provided by Operating Activities:*

Depreciation 13,718

(Increase)/Decrease in Operating Assets:

Accrued Real Estate Taxes (39)

Prepaid Assets 327

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES 36,489

CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES

Principal Paid on Notes and Loans (78,334)

Proceeds Received from the Sale of Capital Assets 80,000

NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES 1,666

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 38,155

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 233,538

CASH AND CASH EQUIVALENTS, END OF YEAR \$271,693

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

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**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILlicoTHE,
ROSS COUNTY, INCLUDING CHILlicoTHE, OHIO, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

The Community Improvement Corporation of Greater Chillicothe, Ross County, including Chillicothe, Ohio, Inc. (the Corporation) is a nonprofit organization exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. The Corporation was formed in 1964 to encourage and promote the industrial, economic, commercial and civic development of Ross County and the territory surrounding the City of Chillicothe. Resources for the Corporation's activities are primarily provided by contributions from local governments and businesses.

The Corporation's functions are:

- 1) The administration of a Revolving Loan Fund, which makes low interest loans available to local business entities that encourage economic development and create jobs in the community.
- 2) The encouragement of both foreign and domestic investment in the local community, as well as publicizing the advantage of locating job-creating industries in the Chillicothe-Ross County area.
- 3) The Corporation facilitates real estate transactions for the County and City to encourage new business to locate in the community.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

The Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Corporation has no permanently restricted net assets.

Cash and Cash Equivalents

The Corporation considers all short-term investments with an original maturity of three months or less when acquired to be cash equivalents for the cash flows statement. The Corporation had no cash equivalents at December 31, 2016.

Federal Income Taxes

No provisions are made for federal, state, or local income tax because the Corporation is tax exempt under Section 501(c)(6) of the Internal Revenue Code.

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE, ROSS COUNTY,
INCLUDING CHILLICOTHE, OHIO, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Held for Resale

In October 1997, the City of Chillicothe transferred ownership of 91.945 acres of land to the Corporation. Design, survey, and other costs associated with the development of the property have been capitalized as incurred. Real estate taxes and insurance costs have been capitalized during the period during which activities necessary to get the property ready for its intended use are in progress.

Land held for resale is measured at fair value using other significant observable (Level 2) inputs. Land was recorded at the fair market value as of the date of the donation. The remaining balance of the asset was valued per invoices of contractors, real estate tax bills, and insurance premium invoices. The current fair market value approximates the Corporation's current asking price for the property.

Depreciation

The CIC provides for depreciation in amounts adequate to amortized costs over the estimated useful lives of the assets. Certain assets are being depreciated under the straight line method for both financial books and tax purposes. The lives of the assets and depreciation expenses under this method are in accordance with generally accepted accounting principles.

Revenue Recognition

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donations or property are recorded as contributions at their estimated fair value at the date of the donation.

Use of Estimates

The preparation of financial statements in conformity with the accrual bases of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILlicoTHE,
ROSS COUNTY, INCLUDING CHILlicoTHE, OHIO, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 3 – CAPITAL ASSETS

Capital assets and related accumulated depreciation at December 31, 2016 are as follows:

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
<i>Nondepreciable Capital Assets:</i>				
Industrial Park Land and Improvements	\$934,665	\$0	(\$42,140)	\$892,525
Total Nondepreciable Capital Assets	934,665	0	(42,140)	892,525
<i>Depreciable Capital Assets:</i>				
Building – Airport Hangar	535,000	0	0	535,000
Furniture and Equipment	5,297	0	0	5,297
Total Depreciable Capital Assets	540,297	0	0	540,297
<i>Accumulated Depreciation:</i>				
Building – Airport Hangar	(68,590)	(13,718)	0	(82,308)
Furniture and Equipment	(5,297)	0	0	(5,297)
Total Accumulated Depreciation	(73,887)	(13,718)	0	(87,605)
Depreciable Capital Assets, Net	466,410	(13,718)	0	452,692
Capital Assets, Net	\$1,401,075	(\$13,718)	(\$42,140)	\$1,345,217

NOTE 4 – RESTRICTIONS ON NET ASSETS

The temporary restriction on net assets at the end of 2016 relates to Community Development Block Grants received in prior years for use in the revolving loan program and program income generated through operation of the program.

NOTE 5 – RELATED PARTY RELATIONSHIPS

The Chillicothe-Ross Chamber of Commerce and the Corporation have directors that are members of both boards. Other than sharing some board members, the two organizations do not have any other relationships as of December 31, 2016.

NOTE 6 – NOTES PAYABLE

In February 2000, the Corporation obtained a loan from the Ross County Development Fund in the amount of \$8,000. An additional \$10,000 was borrowed in March 2001. Another \$10,000 was borrowed in March 2002. These loans, totaling \$28,000, include repayment with 5% interest and will be repaid at the rate of \$934 per acre of land sold in the Gateway Interchange Industrial Park until paid in full. The loan balance was repaid during 2016.

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILlicothe, ROSS COUNTY,
INCLUDING CHILlicothe, OHIO, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 6 – NOTE PAYABLE (Continued)

In 2011, the Corporation took out a promissory note of \$535,000 from the Vinton County National Bank for the purchase of an airport hangar from T.R.M. Aviation, Inc. The Corporation then entered into a triple net lease agreement back to T.R.M. Aviation, Inc. and James Parks for the hangar. The fifteen year triple net lease payments are to be in the amount of \$5,000 per month for years one through five, \$5,450 per month for years six through ten, and \$5,600 per month for years eleven through fifteen.

Debt outstanding at December 31, 2016 was as follows:

Description	Issue Date	Interest Rate	Balance 12/31/15	Issued	Retired	Balance 12/31/16	Due in One Year
Promissory Note	1/31/2000	5.00%	\$48,664	\$0	\$48,664	\$0	\$0
Airport Hangar	1/6/2011	5.75%	399,750	0	29,670	370,080	33,749
Total			<u>\$448,414</u>	<u>\$0</u>	<u>\$78,334</u>	<u>\$370,080</u>	<u>\$33,749</u>

Principal and interest requirements to retire debt outstanding at December 31, 2016 are as follows:

Year end December 31	Airport Hangar		
	Principal	Interest	Total
2017	\$33,749	\$15,962	\$49,711
2018	35,299	14,412	49,711
2019	36,921	12,790	49,711
2020	38,617	11,094	49,711
2021	40,391	9,320	49,711
2022-2025	185,103	17,869	202,972
Total	<u>\$370,080</u>	<u>\$81,447</u>	<u>\$451,527</u>

NOTE 7 - CONCENTRATION OF CREDIT RISKS

As of December 31, 2016, \$250,000 of the Corporation’s depository balances were covered by Federal Deposit Insurance Corporation (FDIC) Insurance. The remaining portion of the Corporation’s depository balance was uninsured, but secured by pledged collateral held by the pledging banks trust department.

NOTE 8 – SUBSEQUENT EVENTS

At a special board meeting held on March 16, 2017 the Ross County Community Improvement Corporation’s (CIC) board of directors voted to amend the corporation’s “Code of Regulations” in order to consolidate operations with the Economic Development Alliance of Southern Ohio (EDASO), a not for profit economic development organization operating within Ross County. Although both organizations will maintain separate legal status, EDASO will provide its funds to support the CIC, have majority representation on the CIC Board of Directors and will jointly operate with one economic development director and one economic development office. The CIC will do business under the name of Greater Chillicothe and Ross County Development, and EDASO will do business under the name of Greater Chillicothe and Ross County Development Partners.

In accordance with the criteria in Governmental Accounting Standards Board (GASB) Statement 14 (as amended by subsequent GASB statements), EDASO will be reported as a component unit of the CIC in future financial statements issued on or after December 31, 2017.

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILlicoTHE,
ROSS COUNTY, INCLUDING CHILlicoTHE, OHIO, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015**

ASSETS

CURRENT ASSETS

Cash	\$233,538
Prepaid Assets	327
TOTAL CURRENT ASSETS	233,865

OTHER ASSETS

Industrial Park Land and Improvements Held for Resale	934,665
Furniture and Equipment	5,297
Building - Airport Hangar	535,000
Less: Accumulated Depreciation	(73,887)
Net Property and Equipment	466,410

TOTAL OTHER ASSETS	1,401,075
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TOTAL ASSETS	\$1,634,940
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued Real Estate Taxes	\$5,210
Accrued Interest Payable	1,400
Notes Payable - Current portion	83,113
TOTAL CURRENT LIABILITIES	89,723

NONCURRENT LIABILITIES

Long-Term Notes Payable	365,301
TOTAL LIABILITIES	455,024

NET ASSETS

Unrestricted - Undesignated	231,041
Unrestricted - Designated	945,950
Total Unrestricted	1,176,991
Temporarily Restricted	2,925
TOTAL NET ASSETS	1,179,916

TOTAL LIABILITIES AND NET ASSETS	\$1,634,940
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SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
CHANGES IN NET ASSETS:			
OPERATING REVENUE AND OTHER SUPPORT:			
Donations	\$1,325	\$0	\$1,325
Rent	62,800	0	62,800
In-Kind Rent	2,400	0	2,400
Interest on Deposits	115	0	115
Miscellaneous Revenue	1,987	0	1,987
TOTAL OPERATING REVENUE AND SUPPORT	68,627	0	68,627
OPERATING EXPENSES:			
Office Supplies	379	0	379
Accounting/Legal	5,638	0	5,638
Gateway Industrial Park Expenses	2,993	0	2,993
In-Kind Rent	2,400	0	2,400
Telephone	593	0	593
Insurance	1,895	0	1,895
Real Estate Taxes	5,214	0	5,214
Interest Expense	19,720	0	19,720
Miscellaneous	4,185	0	4,185
Depreciation Expense	13,718	0	13,718
TOTAL OPERATING EXPENSES	56,735	0	56,735
CHANGE IN NET ASSETS FROM OPERATIONS	11,892	0	11,892
OTHER CHANGES:			
Gain on Sale of Property	19,429	0	19,429
TOTAL OTHER CHANGES	19,429	0	19,429
CHANGE IN NET ASSETS	31,321	0	31,321
NET ASSETS, BEGINNING OF YEAR	1,145,670	2,925	1,148,595
NET ASSETS, END OF YEAR	\$1,176,991	\$2,925	\$1,179,916

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLCOTHE,
ROSS COUNTY, INCLUDING CHILLCOTHE, OHIO, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in Net Assets	\$14,414
<i>Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities:</i>	
Depreciation	13,718
<i>(Increase)/Decrease in Operating Assets:</i>	
Accounts Receivable	<u>(2,975)</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES 25,157

CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES

Principal Paid on Notes and Loans	(30,640)
Proceeds Received from Notes and Loans	20,664
Cash Paid to Acquire/Construct Capital Assets	(500,000)
Proceeds Received from the Sale of Capital Assets	<u>519,429</u>

NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES 9,453

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 34,610

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 198,928

CASH AND CASH EQUIVALENTS, END OF YEAR \$233,538

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

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**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

The Community Improvement Corporation of Greater Chillicothe, Ross County, including Chillicothe, Ohio, Inc. (the Corporation) is a nonprofit organization exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. The Corporation was formed in 1964 to encourage and promote the industrial, economic, commercial and civic development of Ross County and the territory surrounding the City of Chillicothe. Resources for the Corporation's activities are primarily provided by contributions from local governments and businesses.

The Corporation's functions are:

- 1) The administration of a Revolving Loan Fund, which makes low interest loans available to local business entities that encourage economic development and create jobs in the community.
- 2) The encouragement of both foreign and domestic investment in the local community, as well as publicizing the advantage of locating job-creating industries in the Chillicothe-Ross County area.
- 3) The Corporation facilitates real estate transactions for the County and City to encourage new business to locate in the community.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

The Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Corporation has no permanently restricted net assets.

Cash and Cash Equivalents

The Corporation considers all short-term investments with an original maturity of three months or less when acquired to be cash equivalents for the cash flows statement. The Corporation had no cash equivalents at December 31, 2015.

Federal Income Taxes

No provisions are made for federal, state, or local income tax because the Corporation is tax exempt under Section 501(c)(6) of the Internal Revenue Code.

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE, ROSS COUNTY,
INCLUDING CHILLICOTHE, OHIO, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Held for Resale

In October 1997, the City of Chillicothe transferred ownership of 91.945 acres of land to the Corporation. Design, survey, and other costs associated with the development of the property have been capitalized as incurred. Real estate taxes and insurance costs have been capitalized during the period during which activities necessary to get the property ready for its intended use are in progress.

Land held for resale is measured at fair value using other significant observable (Level 2) inputs. Land was recorded at the fair market value as of the date of the donation. The remaining balance of the asset was valued per invoices of contractors, real estate tax bills, and insurance premium invoices. The current fair market value approximates the Corporation's current asking price for the property.

Depreciation

The CIC provides for depreciation in amounts adequate to amortized costs over the estimated useful lives of the assets. Certain assets are being depreciated under the straight line method for both financial books and tax purposes. The lives of the assets and depreciation expenses under this method are in accordance with generally accepted accounting principles.

Revenue Recognition

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donations or property are recorded as contributions at their estimated fair value at the date of the donation.

Use of Estimates

The preparation of financial statements in conformity with the accrual bases of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE,
ROSS COUNTY, INCLUDING CHILLICOTHE, OHIO, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 3 – CAPITAL ASSETS

Capital assets and related accumulated depreciation at December 31, 2015 are as follows:

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
<i>Nondepreciable Capital Assets:</i>				
Industrial Park Land and Improvements	\$934,665	\$0	\$0	\$934,665
Spec Building Held for Resale	0	500,000	(500,000)	0
Total Nondepreciable Capital Assets	934,665	500,000	(500,000)	934,665
<i>Depreciable Capital Assets:</i>				
Building – Airport Hangar	535,000	0	0	535,000
Furniture and Equipment	5,297	0	0	5,297
Total Depreciable Capital Assets	540,297	0	0	540,297
<i>Accumulated Depreciation:</i>				
Building – Airport Hangar	(54,872)	(13,718)	0	(68,590)
Furniture and Equipment	(5,297)	0	0	(5,297)
Total Accumulated Depreciation	(60,169)	(13,718)	0	(73,887)
Depreciable Capital Assets, Net	480,128	(13,718)	0	466,410
Capital Assets, Net	\$1,414,793	(\$486,282)	(\$500,000)	\$1,401,075

NOTE 4 – RESTRICTIONS ON NET ASSETS

The temporary restriction on net assets at the end of 2015 relates to Community Development Block Grants received in prior years for use in the revolving loan program and program income generated through operation of the program.

NOTE 5 – RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The Chillicothe-Ross Chamber of Commerce and the Corporation have directors that are members of both boards. The Chillicothe-Ross Chamber of Commerce furnishes office space at no charge for use of the Corporation. The market value of space donated is \$2,400 for 2015.

NOTE 6 – NOTES PAYABLE

In February 2000, the Corporation obtained a loan from the Ross County Development Fund in the amount of \$8,000. An additional \$10,000 was borrowed in March 2001. Another \$10,000 was borrowed in March 2002. These loans, totaling \$28,000, include repayment with 5% interest and will be repaid at the rate of \$934 per acre of land sold in the Gateway Interchange Industrial Park until paid in full. The balance is considered a current liability at December 31, 2015.

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE, ROSS COUNTY,
INCLUDING CHILLICOTHE, OHIO, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 6 – NOTE PAYABLE (Continued)

In 2011, the Corporation took out a promissory note of \$535,000 from the Vinton County National Bank for the purchase of an airport hangar from T.R.M. Aviation, Inc. The Corporation then entered into a triple net lease agreement back to T.R.M. Aviation, Inc. and James Parks for the hangar. The fifteen year triple net lease payments are to be in the amount of \$5,000 per month for years one through five, \$5,450 per month for years six through ten, and \$5,600 per month for years eleven through fifteen.

Debt outstanding at December 31, 2015 was as follows:

Description	Issue Date	Interest Rate	Balance 12/31/14	Issued	Retired	Balance 12/31/15	Due in One Year
Promissory Note	1/31/2000	5.00%	\$28,000	\$20,664	\$0	\$48,664	\$48,664
Airport Hangar	1/6/2011	5.75%	430,390	0	30,640	399,750	34,449
Total			<u>\$458,390</u>	<u>\$20,664</u>	<u>\$30,640</u>	<u>\$448,414</u>	<u>\$83,113</u>

Principal and interest requirements to retire debt outstanding at December 31, 2015 are as follows:

Year end December 31	<u>Airport Hangar</u>		
	Principal	Interest	Total
2016	\$34,449	\$20,005	\$54,454
2017	33,581	16,685	50,266
2018	35,206	15,060	50,266
2019	36,908	13,358	50,266
2020	38,694	11,572	50,266
2021-2025	220,912	27,915	248,827
Total	<u>\$399,750</u>	<u>\$104,595</u>	<u>\$504,345</u>

NOTE 7 - CONCENTRATION OF CREDIT RISKS

As of December 31, 2015, the Corporation’s depository balances were covered entirely by Federal Deposit Insurance Corporation (FDIC) Insurance.

NOTE 8 – SUBSEQUENT EVENTS

At a special board meeting held on March 16, 2017 the Ross County Community Improvement Corporation’s (CIC) board of directors voted to amend the corporation’s “Code of Regulations” in order to consolidate operations with the Economic Development Alliance of Southern Ohio (EDASO), a not for profit economic development organization operating within Ross County. Although both organizations will maintain separate legal status, EDASO will provide its funds to support the CIC, have majority representation on the CIC Board of Directors and will jointly operate with one economic development director and one economic development office. The CIC will do business under the name of Greater Chillicothe and Ross County Development, and EDASO will do business under the name of Greater Chillicothe and Ross County Development Partners.

In accordance with the criteria in Governmental Accounting Standards Board (GASB) Statement 14 (as amended by subsequent GASB statements), EDASO will be reported as a component unit of the CIC in future financial statements issued on or after December 31, 2017.



Dave Yost • Auditor of State

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

Community Improvement Corporation of Greater Chillicothe
Ross County
45 East Main Street
Chillicothe, Ohio 45601

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 of Greater Chillicothe, Ross County, (the Corporation) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated September 13, 2018, wherein we noted sufficient appropriate audit evidence supporting the amounts recorded as donations received and miscellaneous receipts was not provided.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2016-001 and 2016-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-002.

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.



Dave Yost
Auditor of State

Columbus, Ohio

September 13, 2018

**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE
ROSS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001

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. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

We noted the following conditions related to the Corporation's accounting system and 2015 financial statements:

- Membership Dues were overstated and Miscellaneous Revenues were understated by \$4,212.
- A 2015 debt payment was not recorded until 2016, resulting in December 31, 2015 Cash being overstated by \$4,189; Long-Term Notes Payable being understated by \$2,409; Notes Payable – Current portion being overstated by \$2,409, Net Assets being overstated by \$1,780 and 2015 Interest Expense being understated by \$1,780.
- December 31, 2015 Accounts Receivable was overstated by \$2,975 and Membership Dues and Donations were overstated by \$2,225 and \$750 respectively. This resulted in December 31, 2015 Net Assets being overstated by \$2,975.
- Accrued Real Estate taxes were overstated by \$453. This resulted in December 31, 2015 Net Assets being understated by \$453.

The Corporation corrected the financial statements and accounting records, where appropriate.

Failure to accurately post and report transactions could result in material errors in the Corporation's financial statements and reduces the Corporation's ability to monitor financial activity and to make sound decisions which effect the overall available cash position of the Corporation.

We recommend that the Corporation accurately record financial transactions.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2016-002

Noncompliance/Material Weakness

Ohio Rev. Code § 149.351 provides that all records are the property of the public office and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Sections 149.38 to 149.42, Revised Code.

The Corporation did not provide the supporting documentation requested for donations received during 2016 or miscellaneous receipts during 2016 and 2015.

Amounts for donations and related cash balances not supported on the financial statements totaled \$18,525 for the year ended December 31, 2016. Amounts for miscellaneous receipts and cash balances not supported on the financial statements totaled \$3,913 for the year ended December 31, 2016 and \$1,987 for the year ended December 31, 2015.

We were unable to obtain sufficient appropriate audit evidence supporting the completeness and accuracy for donations and miscellaneous receipts deposited into the Corporation's bank account. The undocumented transactions represent 15% of 2016 receipts and 2% of 2015 receipts. This resulted in an opinion modification.

We recommend the Corporation keep supporting documentation for all transactions. The Corporation should develop policies and procedures outlining the security of all records or take a written inventory of all records noting the records description and location. All records should be maintained in a secure central location, such as locked file cabinets or in a locked office, with access limited to specific officials and/or personnel. Disposal of records should only be made in accordance with an approved records retention schedule.

Officials' Response:

We did not receive a response from Officials to this finding.

COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE

Ross County, Ohio
45 E. Main Street
Chillicothe, Ohio 45601

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2016 and 2015

Finding Number	Finding Summary	Status	Additional Information
2014-001	Financial Reporting	Corrected	
2014-002	Financial Statement Adjustments	Not Corrected	Reissued as finding 2016-001

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**COMMUNITY IMPROVEMENT CORPORATION OF GREATER CHILLICOTHE
ROSS 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 27, 2018**