



OHIO AUDITOR OF STATE
KEITH FABER



**COMMUNITY IMPROVEMENT CORPORATION OF HAMILTON
BUTLER COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
2018 Basic Financial Statements:	
Statement of Net Position	3
Statement of Revenues, Expenditures and Changes in Fund Balance	4
Statement of Cash Flows.....	5
Notes to the Basic Financial Statements.....	6
2017 Basic Financial Statements:	
Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Fund Balance	10
Statement of Cash Flows.....	11
Notes to the Basic Financial Statements.....	12
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15

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INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation of Hamilton
Butler County
345 High Street
Hamilton, Ohio 45011

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of Community Improvement Corporation of Hamilton, Butler County, Ohio (the CIC), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the CIC'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 CIC'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 CIC'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 opinions.

Opinion

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

Other Matters

Required Supplementary Information

The CIC has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report February 5, 2020, on our consideration of the CIC'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 CIC's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

February 5, 2020

**COMMUNITY IMPROVEMENT CORPORATION
CITY OF HAMILTON, OHIO**

Statement of Financial Position
December 31, 2018

Assets:

Cash and Cash Equivalents	\$ 786,209
Loan Receivable - CORE	2,838,324
Loan Receivable - 241 Main	177,435
Assets Held for Resale	<u>34,660</u>
Total Assets	<u><u>3,836,628</u></u>

Net Position:

Net Investment in Assets Held for Resale	34,660
Unrestricted	<u>3,801,968</u>
Total Net Position	<u><u>\$ 3,836,628</u></u>

See accompanying notes to the basic financial statements.

**COMMUNITY IMPROVEMENT CORPORATION
CITY OF HAMILTON, OHIO**

Statement of Activities
For the Year Ended December 31, 2018

	<u>Unrestricted</u>
Operating Revenues:	
Contributions - City of Hamilton	\$ 99,640
Interest on Loans	26,703
Gain on Sale of Property	1,694
Investment Earnings	370
Total Operating Revenue	<u>128,407</u>
Operating Expenses:	
Urban Core Rehab Grants	51,500
Return of Contribution - City of Hamilton	50,000
Property Taxes	1,924
Liability Insurance	5,375
Administrative	3,235
Total Operating Expenses	<u>112,034</u>
Change in Net Assets	16,373
Net Assets (Deficit) Beginning of Year	<u>3,820,255</u>
Net Assets End of Year	<u><u>\$ 3,836,628</u></u>

See accompanying notes to the basic financial statements.

**COMMUNITY IMPROVEMENT CORPORATION
CITY OF HAMILTON, OHIO**

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

Cash Flows from Operating Activities:

Cash Paid for Operating Expenses	<u>\$ (112,034)</u>
Net cash provided by Operating Activities	(112,034)

Cash Flows from Investing Activities:

Investment Earnings	370
Cash Paid for Loans	(1,102,949)
Loan Repayment - Principal	26,703
Loan Repayment - Interest	20,971
Sale of Property	<u>229,640</u>
Net cash provided by Investing Activities	(825,265)

Net increase (decrease) in cash and cash equivalents (937,299)

Cash and cash equivalents at beginning of year 1,723,508

Cash and cash equivalents at end of year \$ 786,209

See accompanying notes to the basic financial statements.

**COMMUNITY IMPROVEMENT CORPORATION
CITY OF HAMILTON, OHIO**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Community Improvement Corporation (the “CIC”) was created in March 1966 and incorporated as a corporation not-for profit under Section 1702 and 1724 of the Ohio Revised Code. The CIC is a separate body politic having power to act as an individual entity to carry out powers given to it under State statute. The CIC is a legally separate, not-for-profit organization, served by an 11 member board composed of City officials and community representatives. The CIC was created to advance, encourage, and promote the industrial, economic, commercial, and civic development of Hamilton by such means as will improve the normal growth, employment opportunities, and stability of employment in existing industries. The CIC is empowered with the ability to carry out the actions it considers necessary to achieve its mission.

B. Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) 117, Financial Statements for Not-For-Profit Organizations. Under SFAS No. 117 the Corporation is required to report information regarding its financial position and activities according to three classes of net position: unrestricted net position, temporarily restricted net position, and permanently restricted net position. At December 31, 2018, the net position of the CIC is unrestricted.

C. Basis of Accounting

The financial statements are presented as of December 31, 2018 and for the year then ended on the accrual basis and in conformity with accounting principles generally accepted in the United States of America.

D. Cash and Investments

Cash and cash equivalents include amounts in demand deposits.

E. Concentration of Credit Risk

The CIC maintains its cash account in one commercial bank in Ohio. The cash balance is fully insured within the limits guaranteed by the Federal Deposit Insurance Corporation.

F. Assets Held for Resale

Assets Held for Resale are defined by the CIC as assets with an initial, individual cost of more than \$1,000. Property, plant and equipment acquired is stated at cost (or estimated historical cost), including architectural and engineering fees where applicable. Donated capital assets are recorded at fair market value at the date received. Depreciation is not calculated for land and buildings. It is the CIC’s practice to sell land and buildings after appropriate improvements have been made. Because it is not the CIC’s intent to use these properties themselves, they have not been depreciated.

**COMMUNITY IMPROVEMENT CORPORATION
CITY OF HAMILTON, OHIO**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)*

G. Loans Receivable

The CIC has loaned money to various City businesses and organizations. The loans range in interest rates from 2% to 3%. At December 31, 2018, there were two loans outstanding with a total balance of \$3,015,759.

NOTE 2 – CASH AND CASH EQUIVALENTS

At December 31, 2018, the carrying amount of deposits and investments was \$786,209.

NOTE 3 – RELATED PARTY TRANSACTIONS

Seven of the 11 board members are elected or appointed officials of the City of Hamilton.

During 2017, the CIC received a \$3,450,000 grant from the City of Hamilton to fund a loan to the Consortium for Ongoing Reinvestment Efforts (CORE) for Main Street improvements. During 2018, the CORE was still drawing down on this loan. The City of Hamilton transferred one property to the CIC during 2018 totaling \$99,640.

NOTE 4 – CONTINGENT LIABILITIES

Management believes there are no pending claims or lawsuits.

NOTE 5 – RISK MANAGEMENT

The CIC is subjected to certain types of risk in the performance of its normal functions. The Board views this exposure as minimal as the CIC currently has no employees and minimal operating activity. However, in 2018 the CIC did purchase a commercial liability insurance policy for the properties being held related to the future Spooky Nook Sports Complex.

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**COMMUNITY IMPROVEMENT CORPORATION
CITY OF HAMILTON, OHIO**

Statement of Financial Position
December 31, 2017

Assets:

Cash and Cash Equivalents	\$ 1,723,508
Loan Receivable - CORE	1,735,375
Loan Receivable - 241 Main	198,406
Assets Held for Resale	<u>162,966</u>
Total Assets	<u><u>3,820,255</u></u>

Net Position:

Net Investment in Assets Held for Resale	162,966
Unrestricted	<u>3,657,289</u>
Total Net Position	<u><u>\$ 3,820,255</u></u>

See accompanying notes to the basic financial statements.

**COMMUNITY IMPROVEMENT CORPORATION
CITY OF HAMILTON, OHIO**

Statement of Activities
For the Year Ended December 31, 2017

	<u>Unrestricted</u>
Operating Revenues:	
Contributions - City of Hamilton	\$ 3,694,660
Interest on Loans	7,539
Investment Earnings	755
Total Operating Revenue	<u>3,702,954</u>
Operating Expenses:	
Urban Core Rehab Grants	25,000
Property Taxes	999
Administrative	413
Total Operating Expenses	<u>26,412</u>
 Change in Net Assets	 3,676,542
 Net Assets (Deficit) Beginning of Year	 <u>143,713</u>
Net Assets End of Year	<u><u>\$ 3,820,255</u></u>

See accompanying notes to the basic financial statements.

**COMMUNITY IMPROVEMENT CORPORATION
CITY OF HAMILTON, OHIO**

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

Cash Flows from Operating Activities:

Contributions - City of Hamilton	\$ 3,660,000
Cash Paid for Operating Expenses	<u>(26,412)</u>
Net cash provided by Operating Activities	3,633,588

Cash Flows from Investing Activities:

Investment Earnings	755
Cash Paid for Loans	(1,935,375)
Loan Repayment - Principal	1,594
Loan Repayment - Interest	7,539
Property Purchase	<u>(128,306)</u>
Net cash provided by Investing Activities	(2,053,793)

Net increase (decrease) in cash and cash equivalents 1,579,795

Cash and cash equivalents at beginning of year 143,713

Cash and cash equivalents at end of year \$ 1,723,508

See accompanying notes to the basic financial statements.

**COMMUNITY IMPROVEMENT CORPORATION
CITY OF HAMILTON, OHIO**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2017*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Community Improvement Corporation (the “CIC”) was created in March 1966 and incorporated as a corporation not-for profit under Section 1702 and 1724 of the Ohio Revised Code. The CIC is a separate body politic having power to act as an individual entity to carry out powers given to it under State statute. The CIC is a legally separate, not-for-profit organization, served by an 11 member board composed of City officials and community representatives. The CIC was created to advance, encourage, and promote the industrial, economic, commercial, and civic development of Hamilton by such means as will improve the normal growth, employment opportunities, and stability of employment in existing industries. The CIC is empowered with the ability to carry out the actions it considers necessary to achieve its mission.

B. Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) 117, Financial Statements for Not-For-Profit Organizations. Under SFAS No. 117 the Corporation is required to report information regarding its financial position and activities according to three classes of net position: unrestricted net position, temporarily restricted net position, and permanently restricted net position. At December 31, 2017, the net position of the CIC is unrestricted.

C. Basis of Accounting

The financial statements are presented as of December 31, 2017 and for the year then ended on the accrual basis and in conformity with accounting principles generally accepted in the United States of America.

D. Cash and Investments

Cash and cash equivalents include amounts in demand deposits.

E. Concentration of Credit Risk

The CIC maintains its cash account in one commercial bank in Ohio. The cash balance is fully insured within the limits guaranteed by the Federal Deposit Insurance Corporation.

F. Assets Held for Resale

Assets Held for Resale are defined by the CIC as assets with an initial, individual cost of more than \$1,000. Property, plant and equipment acquired is stated at cost (or estimated historical cost), including architectural and engineering fees where applicable. Donated capital assets are recorded at fair market value at the date received. Depreciation is not calculated for land and buildings. It is the CIC’s practice to sell land and buildings after appropriate improvements have been made. Because it is not the CIC’s intent to use these properties themselves, they have not been depreciated.

**COMMUNITY IMPROVEMENT CORPORATION
CITY OF HAMILTON, OHIO**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)*

G. Loans Receivable

The CIC has loaned money to various City businesses and organizations. The loans range in interest rates from 2% to 3%. At December 31, 2017, there were two loans outstanding with a total balance of \$1,933,781.

NOTE 2 – CASH AND CASH EQUIVALENTS

At December 31, 2017, the carrying amount of deposits and investments was \$1,723,508.

NOTE 3 – RELATED PARTY TRANSACTIONS

Seven of the 11 board members are elected or appointed officials of the City of Hamilton.

During 2017, the CIC received a \$3,450,000 grant from the City of Hamilton to fund a loan to the Consortium for Ongoing Reinvestment Efforts (CORE) for Main Street improvements. The City of Hamilton transferred three properties to the CIC during 2017 totaling \$34,660.

NOTE 4 – CONTINGENT LIABILITIES

Management believes there are no pending claims or lawsuits.

NOTE 5 – RISK MANAGEMENT

The CIC is subjected to certain types of risk in the performance of its normal functions. The Board views this exposure as minimal as the CIC currently has no employees and minimal operating activity. No policy for commercial insurance is currently in place.

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OHIO AUDITOR OF STATE KEITH FABER



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

Community Improvement Corporation of Hamilton
Butler County
345 High Street
Hamilton, Ohio 45011

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Community Improvement Corporation of Hamilton, Butler County, (the CIC) 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 February 5, 2020.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the CIC'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 CIC's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

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

Compliance and Other Matters

As part of reasonably assuring whether the CIC's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the CIC's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the CIC's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

February 5, 2020

OHIO AUDITOR OF STATE KEITH FABER



**COMMUNITY IMPROVEMENT CORPORATION OF HAMILTON
BUTLER 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
FEBRUARY 25, 2020**