



Dave Yost • Auditor of State



**MONROE AREA COMMUNITY IMPROVEMENT CORPORATION  
BUTLER COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Monroe Area Community Improvement Corporation  
Butler County  
233 South Main Street  
Monroe, Ohio 45050

To the Board of Trustees:

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

We have audited the accompanying financial statements of the of Monroe Area Community Improvement Corporation, Butler County, Ohio (the CIC), as of and for the year ended December 31, 2015, 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 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 the Monroe Area Community Improvement Corporation, Butler County, Ohio, as of December 31, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2016, 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

July 26, 2016

**Monroe Area Community Improvement Corporation**  
**Butler County, Ohio**  
**Management's Discussion and Analysis**  
**December 31, 2015**  
**(Unaudited)**

The discussion and analysis of the Monroe Area Community Improvement Corporation (the "CIC") financial performance provides an overall review of the financial activities for the year ended December 31, 2015. The intent of this discussion and analysis is to look at the CIC's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the CIC's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2015 are as follows:

- The CIC ended 2015 with \$49,870 in cash and cash equivalents.
- The CIC received a \$300,000 Roadwork Development Grant in support of the UGN Inc. project, which was disbursed to the developer for public roadwork improvements.
- The CIC received \$30,000 in administration fees in the relation to the above project.
- The CIC provided the first \$20,000 loan under their programs during 2013 which met the payroll requirement and had the first two payments forgiven per the loan agreement.

**Using this Financial Report**

This financial report contains the basic financial statements of the CIC, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows. As the CIC reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentation information are the same.

*Monroe Area Community Improvement Corporation  
Butler County, Ohio  
Management's Discussion and Analysis  
December 31, 2015  
(Unaudited)*

**Statement of Net Position**

The statement of position answers the question, "How did we do financially during the year?" This statement includes all assets and liabilities, both financial and capital, and short-term and long-term debt, using the accrual basis of accounting and the economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Net position is reported in three broad categories (as applicable):

**Net Position, Invested in Capital Assets, Net of Related Debt:** This component of net position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction or improvement of those assets.

**Restricted Net Position:** This component of net position consists of restricted assets which constraints are placed on assets by grantors, contributors, laws, regulations, etc.

**Unrestricted Net Position:** Consists of net position that does not meet the definition of "Net Position Invested in Capital Assets, Net of Related Debt" or "Restricted Net Position".

Table 1 provides information on the CIC's Net Position comparing 2014 and 2015 fiscal years.

**Table 1  
Net Position**

	2014	2015
<b>Assets:</b>		
Current assets	\$24,016	\$54,168
Noncurrent assets	12,000	8,000
<b>Total Assets</b>	36,016	60,168
<b>Liabilities:</b>		
Current liabilities	0	2,437
<b>Net Position:</b>		
Unrestricted	\$36,016	\$59,731



***Monroe Area Community Improvement Corporation***  
***Butler County, Ohio***  
***Management's Discussion and Analysis***  
***December 31, 2015***  
***(Unaudited)***

The carryover balance from 2011 has been used for future business development; although the amount was not been used under one of the CIC's programs and no additional contributions were made during 2012, 2013 or 2014. During 2013, the CIC was able to complete a loan to a local business for improving a property. If the company meets certain payroll requirements for income tax purposes, the loan balance (and interest) would be forgiven.

For fiscal years 2014 and 2015, the payroll requirements were met within the range described in the agreement. This allowed for the company's first two payments (principal and interest) due on June 1, 2014 and June 1, 2015 to be forgiven. This is reflected on the CIC's financial statements as loan forgiveness for the principal and the accrued interest amount recorded in the prior fiscal year. Since the company's payroll requirements increase each fiscal year, the loan and accrued interest are still reported.

For fiscal year 2015, the CIC received a Roadwork Development Grant on behalf of a development project. As part of that grant, the CIC received an administration fee from the developer that resulted in the cash balance increasing. For 2015, the CIC reported an accounts payable for prior legal services.

**Monroe Area Community Improvement Corporation**  
**Butler County, Ohio**  
**Management's Discussion and Analysis**  
**December 31, 2015**  
**(Unaudited)**

Table 2 compares the changes in net position between 2014 and 2015 fiscal years.

**Table 2**  
**Changes in Net Position**

	2014	2015
<b>Operating Revenues:</b>		
Administrative Fee	\$0	\$30,000
Other Revenues	0	1,000
Total Revenues	<u>0</u>	<u>31,000</u>
<b>Operating Expenses:</b>		
Accounting	180	225
Insurance	525	525
Professional Services	0	2,437
Total Expenses	<u>705</u>	<u>3,187</u>
Operating Income (Loss)	(705)	27,813
<b>Non-Operating Revenues (Expenses):</b>		
State Grant	0	300,000
Construction Grant	0	(300,000)
Interest Revenue	396	298
Loan Forgiveness	(4,640)	(4,396)
Total Non-Operating Revenues (Expenses)	<u>(4,244)</u>	<u>(4,098)</u>
Change in Net Position	(4,949)	23,715
Net Position, Beginning of Year	<u>40,965</u>	<u>36,016</u>
Net Position, End of Year	<u>\$36,016</u>	<u>\$59,731</u>

**Monroe Area Community Improvement Corporation**  
**Butler County, Ohio**  
**Management's Discussion and Analysis**  
**December 31, 2015**  
**(Unaudited)**

The CIC continued to have little activity during its fifth year outside forgiveness of the loan. The CIC implemented two of the charged programs from the enabling resolution during 2010. The CIC did not spend any monies on the programs during 2012, 2013 or 2014. As stated earlier, the loan agreement between the CIC and the company allows for forgiveness of the principal and interest payments on June 1 of each year through fiscal year 2017 if certain payroll requirements are met each year.

As described earlier, the CIC was successful in received a State 629 Roadwork Development Grant which was distributed to the developer for the roadwork improvements for the UGN Inc. project. The CIC received this grant as the project is expected to generate 148 new full time jobs.

**Capital Assets**

The CIC had no capital assets at December 31, 2015.

**Debt**

The CIC had no debt at December 31, 2015.

**Contacting the CIC**

This financial report is designed to provide a general overview of the finances of the Monroe Area Community Improvement Corporation and to show the CIC's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to: Monroe Area Community Improvement Corporation, 233 South Main Street, Monroe, Ohio 45050 or by calling (513) 539-7374 extension 1020.

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**Monroe Area Community Improvement Corporation**  
**Butler County, Ohio**  
**Statement of Net Position**  
**December 31, 2015**

**ASSETS:**

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 49,870
Accrued Interest Receivable	298
Loan Receivable Due in One Year	<u>4,000</u>
<b>TOTAL CURRENT ASSETS</b>	<u><u>54,168</u></u>

NON CURRENT ASSETS:

Loan Receivable Due Over One Year	<u>8,000</u>
<b>TOTAL ASSETS</b>	<u><u>62,168</u></u>

**LIABILITIES:**

CURRENT LIABILITIES:

Accounts Payable	<u>2,437</u>
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**NET POSITON:**

Unrestricted	<u><u>\$ 59,731</u></u>
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See accompanying notes to the financial statements

**Monroe Area Community Improvement Corporation**  
**Butler County, Ohio**  
**Statement of Revenues, Expenses**  
**and Changes in Net Position**  
**For the Year Ended December 31, 2015**

**OPERATING REVENUES:**

Administration Fee	\$	30,000
Other Revenues		<u>1,000</u>
Total Operating Revenues		<u>31,000</u>

**OPERATING EXPENSES:**

Accounting		225
Insurance		525
Professional Services		<u>2,437</u>
Total Operating Expenses		<u>3,187</u>
Operating Income		<u>27,813</u>

**NONOPERATING REVENUES (EXPENSES):**

Interest Revenue		298
Construction Grant		(300,000)
State Grants		300,000
Loan Forgiveness		<u>(4,396)</u>
Total Nonoperating Revenues (Expenses)		<u>(4,098)</u>

**CHANGE IN NET POSITION**

		23,715
Net Position - Beginning of Year		<u>36,016</u>
Net Position - End of Year	\$	<u><u>59,731</u></u>

See accompanying notes to the financial statements

**Monroe Area Community Improvement Corporation**  
**Butler County, Ohio**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2015**

<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 30,000
Cash payments to supplier for goods and services	(750)
Other miscellaneous revenue	<u>1,000</u>
Net cash provided by operating activities	<u>30,250</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
State Capital Grant Contributions	300,000
Capital Grant Distributions to Developers	<u>(300,000)</u>
Net cash provided by capital and related financing activities	<u>-</u>
Net Increase in Cash and Cash Equivalents	30,250
Cash and cash equivalents at beginning of year	<u>19,620</u>
Cash and cash equivalents at end of year	<u>\$ 49,870</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating Income	<u>27,813</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in Accounts Payable	<u>2,437</u>
Net cash provided by operating activities	<u>\$ 30,250</u>

See accompanying notes to the financial statements

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**Monroe Area Community Improvement Corporation**  
**Butler County Ohio**  
**Notes to the Basic Financial Statements**  
**December 31, 2015**

**NOTE 1 - Nature of Organization and Reporting Entity**

The Monroe Area Community Improvement Corporation ("CIC" or "the Organization") is a non-profit organization incorporated in Ohio on January 1, 2008 by resolution from the City of Monroe, Ohio. The CIC Board of Directors consist nine board members based on the following requirements one (1) member of the Monroe City Administration, two (2) members of the Monroe City Council, one (1) Lemon Township Trustee, one (1) member of the Monroe Local School District school board, two (2) members of the Monroe area business community, and two (2) residents of the Monroe area.

The CIC was incorporated to serve the businesses and residents of the Monroe Area, which includes the City of Monroe and Lemon Township. The CIC's intended responsibility includes providing financial resources and assistance for development and civic projects that benefit the community.

One program, the Business Exterior Improvement Matching Grant Program, is designed to improve the appearance of the commercial and industrial areas within the Monroe Area by providing incentives that encourage local businesses to invest in their property. Another program, the Downtown Development Grant Program, addresses the importance of the City's downtown area in creating a sense of community by providing incentives that encourages local businesses to invest in their property to improve the appearance and viability of downtown. A third financial assistance program, the Revolving Loan Fund Program, is designed to provide an accessible funding source for businesses that need to make a substantial purchase of such things as materials, machinery, and equipment but are not able to apply for State fiscal resources. The CIC made no grants but did make one loan (discussed in note 7) during fiscal year 2013 under the above programs.

In addition to these financial assistance programs, the CIC is able to aid the City of Monroe (the "City") in the management of land use consistent with the City's land use plans. The CIC also has the ability to encourage economic development within the City and work through a Community Beautification Program to address the City's major intersections.

During 2015, the CIC updated the Code of Regulations to become the designated arm for the City of Monroe and Lemon Township as their economic development source.

The CIC website address is <http://www.monroecic.org>.

**NOTE 2 - Summary of Significant Accounting Policies**

The financial statements consist of a single-purpose business-type activity which is reported on the accrual basis of accounting using the economic resources measurement focus.

**Monroe Area Community Improvement Corporation**  
**Butler County Ohio**  
**Notes to the Basic Financial Statements**  
**December 31, 2015**

**NOTE 2 - Summary of Significant Accounting Policies (Continued)**

The significant accounting policies followed in the preparation of these financial statements conform to general accepted accounting principals for local government units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources as applied to governmental non-profit organizations. A summary of the significant accounting policies consistently applied in preparation of the accompanying financial statements is as follows:

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net position and revenues, expenses, gains and losses are classified based on the existence or absence of imposed restrictions. Accordingly, net position of the CIC is classified as unrestricted net position because it is not subject to imposed stipulations.

The CIC's operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation are included on the statement of nets position. The statement of revenues, expenses and change in net position present increases (i.e. revenues) and decreases (i.e. expenses) in net position.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The CIC uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized at the time they are incurred.

The CIC distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the CIC's principal ongoing operation. The CIC had \$31,000 of operating revenues for fiscal year 2015. Operating expenses for the CIC primarily consists administrative expenses, including legal services. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. The CIC did report nonoperating revenues for state grant revenues and accrued interest on the outstanding loan receivable for 2015. The CIC reports nonoperating expenses in 2015 for capital grant distribution to the developer and the principal portion of the loan along with the accrued interest forgiven. The remaining interest payment forgiven is not reported as it would artificially increase the CIC's interest revenue that did not occur as a result of the agreement terms being met.

**Cash Equivalents**

During the calendar year 2015, the CIC's cash balance is maintained in a non-interest bearing account is considered to be cash equivalents.

**Monroe Area Community Improvement Corporation**  
**Butler County Ohio**  
**Notes to the Basic Financial Statements**  
**December 31, 2015**

**NOTE 2 - Summary of Significant Accounting Policies (Continued)**

**Accrued Liabilities**

In general, payables and accrued liabilities are reported as obligations regardless of whether they will be liquidated with current resources.

**Significant Estimates**

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

**Income Taxes**

The CIC is considered to be a not-for-profit tax exempt organization under the Internal Revenue Code Section 501(c)(4). Accordingly, there is no provision for income taxes in these financial statements. The CIC is required to file an annual form 990 *Return of Organization Exempt from Income Tax* with the Internal Revenue Service within five months of end.

**NOTE 3 – Cash**

At December 31, 2015, the carrying amount of the CIC's deposits was \$498,70. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2015, the entire bank balance was covered by the Federal Deposit Insurance Corporation. There are no significant statutory restrictions regarding the deposit and investment of funds by the not-for-profit corporation.

**NOTE 4 – Contributions**

The CIC did not receive any contributions during the fiscal year; however, the CIC did receive \$30,000 in administration fees from the UGN Inc. project for it's role in delivering the Roadwork Development Grant.

**NOTE 5 – Litigation**

The CIC is involved in no material litigation as either plaintiff or defendant.

**NOTE 6 – Risk Management**

The CIC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The CIC manages these risks through the purchase of commercial insurance. Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

**Monroe Area Community Improvement Corporation**  
**Butler County Ohio**  
**Notes to the Basic Financial Statements**  
**December 31, 2015**

**NOTE 7 – Loans Receivable**

On March 25, 2013 the CIC entered into a loan agreement with Clubhouse Sports Grille (the “company”) for \$20,000 to allow renovations to, and furnishing and equipping the facility. The loan was issued at 4.25 interest rate with a five and one-half year term. The company has agreed to certain payroll figures that if reached and maintained on June 1 of each year (starting in 2014), the CIC shall forgive a portion of the outstanding loan in the amount of the payment (including both principal and interest) presently due. If the minimum annual payroll amounts subject to income tax are maintained for five successive years, the entire principal and interest due shall be forgiven.

For fiscal year 2015, the CIC forgave \$4,000 of principal and \$680 of interest that was due on June 1, 2015. The CIC had reported \$396 of accrued interest as of December 31, 2014. The principal and accrued interest of \$4,396 are reported on the statement of revenues, expenses and changes in net position as loan forgiveness. The remaining \$284 of interest that was forgiven is not reported on the statement as either interest revenue or loan forgiveness but the amount was forgiven under the terms of the agreement.

For fiscal year 2016, the terms of the agreement require a principal and interest payment of \$4,510 unless the company meets an increased payroll figure within the range listed in the agreement. The accrued interest and loan amounts are recorded on the statement of net position for this reason.

**NOTE 8 – Change in Accounting Principles**

The CIC implemented the following GASB statements during fiscal year 2015:

- GASB 68 Accounting and Financial Reporting for Pension
- GASB 71 Pension Transition for Contributions made Subsequent to the Measurement Date
- GASB 72 Fair Value Measurement and Application
- GASB 73 Accounting and Financial Reporting for Pension and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.



# 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*

Monroe Area Community Improvement Corporation  
Butler County  
233 South Main Street  
Monroe, Ohio 45050

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 business-type activities of the Monroe Area Community Improvement Corporation, Butler County, (the CIC) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the CIC's basic financial statements and have issued our report thereon dated July 26, 2016.

### ***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.

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 CIC's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### ***Compliance and Other Matters***

As part of reasonably assuring whether the 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*.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242  
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577

[www.ohioauditor.gov](http://www.ohioauditor.gov)

***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 communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

July 26, 2016



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Monroe Area Community Improvement Corporation  
Butler County  
233 South Main Street  
Monroe, Ohio 45050

To the Board of Trustees:

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

We have audited the accompanying financial statements of the Monroe Area Community Improvement Corporation, Butler County, Ohio (the CIC), as of and for the year ended December 31, 2014, 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 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 the Monroe Area Community Improvement Corporation, Butler County, Ohio, as of December 31, 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2016, 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

July 26, 2016



*Monroe Area Community Improvement Corporation  
Butler County, Ohio  
Management's Discussion and Analysis  
December 31, 2014  
(Unaudited)*

The discussion and analysis of the Monroe Area Community Improvement Corporation (the "CIC") financial performance provides an overall review of the financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the CIC's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the CIC's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

### **Financial Highlights**

Key financial highlights for 2014 are as follows:

- The CIC ended 2014 with \$19,620 in cash and cash equivalents.
- The CIC kept the operating expenses for the fiscal year very low at \$402.
- The CIC provided the first \$20,000 loan under their programs during 2013 which met the payroll requirement and had the first payment in 2014 forgiven per the loan agreement.

### **Using this Financial Report**

This financial report contains the basic financial statements of the CIC, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows. As the CIC reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentation information are the same.

*Monroe Area Community Improvement Corporation  
Butler County, Ohio  
Management's Discussion and Analysis  
December 31, 2014  
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**Statement of Net Position**

The statement of position answers the question, "How did we do financially during the year?" This statement includes all assets and liabilities, both financial and capital, and short-term and long-term debt, using the accrual basis of accounting and the economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Net position is reported in three broad categories (as applicable):

**Net Position, Invested in Capital Assets, Net of Related Debt:** This component of net position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction or improvement of those assets.

**Restricted Net Position:** This component of net position consists of restricted assets which constraints are placed on assets by grantors, contributors, laws, regulations, etc.

**Unrestricted Net Position:** Consists of net position that does not meet the definition of "Net Position Invested in Capital Assets, Net of Related Debt" or "Restricted Net Position".

Table 1 provides information on the CIC's Net Position comparing 2013 and 2014 fiscal years.

**Table 1  
Net Position**

	2013	2014
<b>Assets:</b>		
Current assets	\$24,965	\$24,016
Noncurrent assets	16,000	12,000
<b>Total Assets</b>	40,965	36,016
<b>Liabilities:</b>		
Current liabilities	0	0
<b>Net Position:</b>		
Unrestricted	\$40,965	\$36,016

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The carryover balance from 2011 has been used for future business development; although the amount was not been used under one of the CIC's programs and no additional contributions were made during 2012, 2013 or 2014. During 2013, the CIC was able to complete a loan to a local business for improving a property. If the company meets certain payroll requirements for income tax purposes, the loan balance (and interest) would be forgiven.

For fiscal year 2014, the payroll requirements were met within the range described in the agreement. This allowed for the company's first payment (principal and interest) due on June 1, 2014 to be forgiven. This is reflected on the CIC's financial statements as loan forgiveness for the principal and the accrued interest amount recorded in fiscal year 2013. Since the company's payroll requirements increase each fiscal year, the loan and accrued interest are still reported.

Table 2 compares the changes in net position between 2013 and 2014 fiscal years.

**Table 2**  
**Changes in Net Position**

	2013	2014
<b>Operating Revenues:</b>		
Total Revenues	\$0	\$0
<b>Operating Expenses:</b>		
Accounting	213	180
Insurance	450	525
Professional Services	1,330	0
Other General Administration	25	0
Total Expenses	2,018	705
Operating Loss	(2,018)	(705)
<b>Non-Operating Revenues (Expenses):</b>		
Interest Revenue	640	396
Loan Forgiveness	0	(4,640)
Total Non-Operating Revenues (Expenses)	640	(4,244)
Change in Net Position	(1,378)	(4,949)
Net Position, Beginning of Year	42,342	40,965
Net Position, End of Year	\$40,965	\$36,016

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The CIC continued to have little activity during its fifth year outside forgiveness of the loan. The CIC implemented two of the charged programs from the enabling resolution during 2010. The CIC did not spend any monies on the programs during 2012, 2013 or 2014. As stated earlier, the loan agreement between the CIC and the company allows for forgiveness of the principal and interest payments on June 1 of each year through fiscal year 2017 if certain payroll requirements are met each year.

**Capital Assets**

The CIC had no capital assets at December 31, 2014.

**Debt**

The CIC had no debt at December 31, 2014.

**Contacting the CIC**

This financial report is designed to provide a general overview of the finances of the Monroe Area Community Improvement Corporation and to show the CIC's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to: Monroe Area Community Improvement Corporation, 233 South Main Street, Monroe, Ohio 45050 or by calling (513) 539-7374 extension 1020.

**Monroe Area Community Improvement Corporation**  
**Butler County, Ohio**  
**Statement of Net Position**  
**December 31, 2014**

**ASSETS:**

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 19,620
Accrued Interest Receivable	396
Loan Receivable Due in One Year	<u>4,000</u>
TOTAL CURRENT ASSETS	<u>24,016</u>

NON CURRENT ASSETS:

Loan Receivable Due Over One Year	<u>12,000</u>
TOTAL ASSETS	<u><u>36,016</u></u>

**LIABILITIES:**

TOTAL LIABILITIES	<u>-</u>
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**NET POSITON:**

Unrestricted	<u><u>\$ 36,016</u></u>
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See accompanying notes to the financial statements

**Monroe Area Community Improvement Corporation**  
**Butler County, Ohio**  
**Statement of Revenues, Expenses**  
**and Changes in Net Position**  
**For the Year Ended December 31, 2014**

**OPERATING REVENUES:**

Total Operating Revenues	\$ <u>          -</u>
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**OPERATING EXPENSES:**

Accounting	180
Insurance	<u>525</u>

Total Operating Expenses	<u>705</u>
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Operating Loss	<u>(705)</u>
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**NONOPERATING REVENUES (EXPENSES):**

Interest Revenue	396
Loan Forgiveness	<u>(4,640)</u>

Total Nonoperating Revenues (Expenses)	<u>(4,244)</u>
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<b>CHANGE IN NET POSITION</b>	<b>(4,949)</b>
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Net Position - Beginning of Year	<u>40,965</u>
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Net Position - End of Year	<u><u>\$ 36,016</u></u>
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See accompanying notes to the financial statements

**Monroe Area Community Improvement Corporation**  
**Butler County, Ohio**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2014**

**Cash flows from operating activities:**

Cash payments to supplier for goods and services	<u>\$ (705)</u>
Net Decrease in Cash and Cash Equivalents	(705)
Cash and cash equivalents at beginning of year	20,325
Cash and cash equivalents at end of year	<u><u>\$ 19,620</u></u>

**Reconciliation of operating loss to net cash used for operating activities**

Operating Loss	<u>(705)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Net cash used for operating activities	<u><u>\$ (705)</u></u>

See accompanying notes to the financial statements

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**Monroe Area Community Improvement Corporation**  
**Butler County Ohio**  
**Notes to the Basic Financial Statements**  
**December 31, 2014**

**NOTE 1 - Nature of Organization and Reporting Entity**

The Monroe Area Community Improvement Corporation ("CIC" or "the Organization") is a non-profit organization incorporated in Ohio on January 1, 2008 by resolution from the City of Monroe, Ohio. The CIC Board of Directors consist nine board members based on the following requirements one (1) member of the Monroe City Administration, two (2) members of the Monroe City Council, one (1) Lemon Township Trustee, one (1) member of the Monroe Local School District school board, two (2) members of the Monroe area business community, and two (2) residents of the Monroe area.

The CIC was incorporated to serve the businesses and residents of the Monroe Area, which includes the City of Monroe and Lemon Township. The CIC's intended responsibility includes providing financial resources and assistance for development and civic projects that benefit the community.

One program, the Business Exterior Improvement Matching Grant Program, is designed to improve the appearance of the commercial and industrial areas within the Monroe Area by providing incentives that encourage local businesses to invest in their property. Another program, the Downtown Development Grant Program, addresses the importance of the City's downtown area in creating a sense of community by providing incentives that encourages local businesses to invest in their property to improve the appearance and viability of downtown. A third financial assistance program, the Revolving Loan Fund Program, is designed to provide an accessible funding source for businesses that need to make a substantial purchase of such things as materials, machinery, and equipment but are not able to apply for State fiscal resources. The CIC made no grants but did make one loan (discussed in note 7) during fiscal year 2013 under the above programs.

In addition to these financial assistance programs, the CIC is able to aid the City of Monroe (the "City") in the management of land use consistent with the City's land use plans. The CIC also has the ability to encourage economic development within the City and work through a Community Beautification Program to address the City's major intersections.

The CIC website address is <http://www.monroecic.org>.

**NOTE 2 - Summary of Significant Accounting Policies**

The financial statements consist of a single-purpose business-type activity which is reported on the accrual basis of accounting using the economic resources measurement focus.

**Monroe Area Community Improvement Corporation**  
**Butler County Ohio**  
**Notes to the Basic Financial Statements**  
**December 31, 2014**

**NOTE 2 - Summary of Significant Accounting Policies (Continued)**

The significant accounting policies followed in the preparation of these financial statements conform to general accepted accounting principals for local government units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources as applied to governmental non-profit organizations. A summary of the significant accounting policies consistently applied in preparation of the accompanying financial statements is as follows:

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net position and revenues, expenses, gains and losses are classified based on the existence or absence of imposed restrictions. Accordingly, net position of the CIC is classified as unrestricted net position because it is not subject to imposed stipulations.

The CIC's operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation are included on the statement of nets position. The statement of revenues, expenses and change in net position present increases (i.e. revenues) and decreases (i.e. expenses) in net position.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The CIC uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized at the time they are incurred.

The CIC distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the CIC's principal ongoing operation. The CIC had no operating revenues for fiscal year 2014. Operating expenses for the CIC primarily consists administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. The CIC did report nonoperating revenues for accrued interest on the outstanding loan receivable for 2014. The CIC reports nonoperating expenses in 2014 for the principal portion of the loan along with the accrued interest forgiven. The remaining interest payment forgiven is not reported as it would artificially increase the CIC's interest revenue that did not occur as a result of the agreement terms being met.

**Cash Equivalents**

During the calendar year 2014, the CIC's cash balance is maintained in a non-interest bearing account is considered to be cash equivalents.

**Monroe Area Community Improvement Corporation**  
**Butler County Ohio**  
**Notes to the Basic Financial Statements**  
**December 31, 2014**

**NOTE 2 - Summary of Significant Accounting Policies (Continued)**

**Significant Estimates**

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

**Income Taxes**

The CIC is considered to be a not-for-profit tax exempt organization under the Internal Revenue Code Section 501(c)(4). Accordingly, there is no provision for income taxes in these financial statements. The CIC is required to file an annual form 990 *Return of Organization Exempt from Income Tax* with the Internal Revenue Service within five months of end.

**NOTE 3 – Cash**

At December 31, 2014, the carrying amount of the CIC's deposits was \$19,620. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2014, the entire bank balance was covered by the Federal Deposit Insurance Corporation. There are no significant statutory restrictions regarding the deposit and investment of funds by the not-for-profit corporation.

**NOTE 4 – Contributions**

The CIC did not receive any contributions during the fiscal year.

**NOTE 5 – Litigation**

The CIC is involved in no material litigation as either plaintiff or defendant.

**NOTE 6 – Risk Management**

The CIC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The CIC manages these risks through the purchase of commercial insurance. Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

**NOTE 7 – Loans Receivable**

On March 25, 2013 the CIC entered into a loan agreement with Clubhouse Sports Grille (the "company") for \$20,000 to allow renovations to, and furnishing and equipping the facility. The loan was issued at 4.25 interest rate with a five and one-half year term. The company has agreed to certain payroll figures that if reached and maintained on June 1 of each year (starting in 2014), the CIC shall forgive a portion of the outstanding loan in the amount of the payment (including both principal and interest) presently due. If the minimum annual payroll amounts subject to income tax are maintained for five successive years, the entire principal and interest due shall be forgiven.

**Monroe Area Community Improvement Corporation**  
**Butler County Ohio**  
**Notes to the Basic Financial Statements**  
**December 31, 2014**

**NOTE 7 – Loans Receivable (Continued)**

For fiscal year 2014, the CIC forgave \$4,000 of principal and \$1,133 of interest that was due on June 1, 2014. The CIC had reported \$640 of accrued interest as of December 31, 2013. The principal and accrued interest of \$4,640 are reported on the statement of revenues, expenses and changes in net position as loan forgiveness. The remaining \$493 of interest that was forgiven is not reported on the statement as either interest revenue or loan forgiveness but the amount was forgiven under the terms of the agreement.

For fiscal year 2015, the terms of the agreement require a principal and interest payment of \$4,680 unless the company meets an increased payroll figure within the range listed in the agreement. The accrued interest and loan amounts are recorded on the statement of net position for this reason.



# 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*

Monroe Area Community Improvement Corporation  
Butler County  
233 South Main Street  
Monroe, Ohio 45050

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 business-type activities of the Monroe Area Community Improvement Corporation, Butler County, (the CIC) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the CIC's basic financial statements and have issued our report thereon dated July 26, 2016.

### ***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.

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 CIC's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### ***Compliance and Other Matters***

As part of reasonably assuring whether the 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*.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242  
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577  
[www.ohioauditor.gov](http://www.ohioauditor.gov)

***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 communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

July 26, 2016



# Dave Yost • Auditor of State

**MONROE AREA COMMUNITY IMPROVEMENT CORPORATION**

**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  
AUGUST 30, 2016**