



Dave Yost • Auditor of State



ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION  
HAMILTON COUNTY

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**ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION  
HAMILTON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

St. Bernard Community Improvement Corporation  
Hamilton County  
110 Washington Ave  
St. Bernard, Ohio 45217

To the Board of Trustees:

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

We have audited the accompanying financial statements of the St. Bernard Community Improvement Corporation, Hamilton County, Ohio (the Corporation), a component unit of the Village of St. Bernard, as of and for the year ended December 31, 2014, 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 overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the St. Bernard Community Improvement Corporation, Hamilton County as of December 31, 2014, and the changes in its financial position 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 June 6, 2016, 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

June 6, 2016

# ***UV0DGTPCTF'COMMUNITY IMPROVEMENT CORPORATION***

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## ***Management's Discussion and Analysis - Unaudited For the Year Ended December 31, 2014***

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The discussion and analysis of St. Bernard Community Improvement Corporation (the CIC) financial performance provides an overall review of the CIC's 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.

### **Financial Highlights**

#### **Key financial highlights for 2014 are as follows:**

- ❑ In total, net position increased \$202,897, which represents a 4% increase from 2013.
- ❑ Program specific revenues in the form of charges for services and contributions accounted for \$346,698 in revenues, while interest revenue accounted for \$46.
- ❑ The CIC had \$143,847 in expenses related to its activity, all of which were offset by program specific charges for services and contributions.
- ❑ On a fund basis, the CIC had \$272,105 in revenues and \$179,350 in expenditures. The CIC's fund balance increased \$92,755 to a deficit of \$305,544 for 2014.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of two parts – management's discussion and analysis and the basic financial statements. These statements are organized so the reader can understand the financial position of the CIC. The CIC's activity is reported as a governmental fund, which focus on how money flows into and out of the fund and the balance left at year-end available for spending in future periods. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the CIC's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the CIC's programs. The relationship (or differences) between the governmental activity (reported in the Statement of Net Position and the Statement of Activities) and governmental fund is reconciled in the financial statements. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

## UV0DGTPCTF 'COMMUNITY IMPROVEMENT CORPORATION

### *Management's Discussion and Analysis - Unaudited For the Year Ended December 31, 2014*

#### FINANCIAL ANALYSIS OF THE CIC

The following tables represent the CIC's condensed financial information for 2014 and 2013 derived from the statement of net position and the statement of revenues, expenses, and changes in net position.

	2014	2013
Current and other assets	\$169,456	\$76,701
Assets Held for Resale	5,530,635	5,420,493
Total assets	5,700,091	5,497,194
Other liabilities	475,000	475,000
Total liabilities	475,000	475,000
Net position		
Net Investment in assets held for resale	3,176,577	5,420,493
Unrestricted	(305,544)	(398,299)
Total net position	\$5,225,091	\$5,022,194

Changes in Net Position – The following table provides a comparison of the changes in net position for fiscal year 2014 and 2013:

	2014	2013
Revenues		
Program revenues:		
Charges for Services and Sales	\$161,668	\$3,782
Capital Grants and Contributions	185,030	2,354,058
General revenues:		
Investment Earnings	46	147
Total revenues	346,744	2,357,987
Program Expenses		
Community Environment	143,847	116,437
Total expenses	143,847	116,437
Change in Net Position	202,897	2,241,550
Beginning Net Position	5,022,194	2,780,644
Ending Net Position	\$5,225,091	\$5,022,194

Net Position increased by \$202,897. This increase was the result of renting properties in 2014 and receiving a donation of property from the Village of St. Bernard.



# UV0DGTPCTF 'COMMUNITY IMPROVEMENT CORPORATION

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## ***Management's Discussion and Analysis - Unaudited For the Year Ended December 31, 2014***

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### **ASSETS HELD FOR RESALE**

At the end of fiscal 2014 the CIC had \$5,530,635 invested in land and buildings. The following table shows fiscal year 2014 and 2013 balances:

	Governmental Activity		Increase (Decrease)
	2014	2013	
Land and Buildings	<u>\$5,530,636</u>	<u>\$5,420,493</u>	<u>\$110,143</u>
Totals	<u><u>\$5,530,636</u></u>	<u><u>\$5,420,493</u></u>	<u><u>\$110,143</u></u>

The primary increases occurred due to various property acquisitions and capital improvement projects in 2014.

Additional information on the CIC's assets held for resale can be found in Note 6.

### **ECONOMIC FACTORS**

The CIC acquires land and buildings to advance, encourage and promote the industrial, economic, commercial and civic development of the Village of St. Bernard, Ohio in order to maintain and enhance the quality of life for the Village's residents and businesses. The CIC receives the majority of its funding from the Village, state and federal grants, the proceeds of property sales, and charges for services (rental income). The CIC has no employees.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, investors, and creditors with a general overview of the CIC's finances and to reflect the CIC's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Paul Myers, Executive Director, Community Improvement Corporation of the Village of St. Bernard, 110 Washington Avenue, St. Bernard, Ohio 45217.

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**ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION**

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**Statement of Net Position**  
**December 31, 2014**

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	<u>Governmental Activity</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 167,956
Other Assets	1,500
Assets Held for Resale	<u>5,530,635</u>
<b>Total Assets</b>	<u>5,700,091</u>
<b>Liabilities:</b>	
Advances from Village	<u>475,000</u>
<b>Total Liabilities</b>	<u>475,000</u>
<b>Net Position:</b>	
Net Investment in Assets Held for Resale	5,530,635
Unrestricted	<u>(305,544)</u>
<b>Total Net Position</b>	<u>\$ 5,225,091</u>

See accompanying notes to the basic financial statements

**ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION**

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**Statement Of Activity**  
**For The Year Ended December 31, 2014**

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	Program Revenues			Net Revenue and Change in Net Position
	Expenses	Charges for Services and Sales	Capital Grants and Contributions	Governmental Activity
<b>Governmental Activity:</b>				
Community Environment	\$ 143,847	\$ 161,668	\$ 185,030	\$ 202,851
<b>Totals</b>	<u>\$ 143,847</u>	<u>\$ 161,668</u>	<u>\$ 185,030</u>	
<b>General Revenues:</b>				
Investment Earnings				46
Total General Revenues				<u>46</u>
Change in Net Position				202,897
Net Position Beginning of Year				<u>5,022,194</u>
Net Position End of Year				<u>\$ 5,225,091</u>

See accompanying notes to the basic financial statements

**ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION**

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**Balance Sheet**  
**December 31, 2014**

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	Community Improvement Corporation
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 167,956
Other Assets	1,500
<b>Total Assets</b>	<u>\$ 169,456</u>
<b>Liabilities:</b>	
Advances from Village	\$ 475,000
<b>Total Liabilities</b>	<u>475,000</u>
<b>Fund Balances:</b>	
Unassigned	<u>(305,544)</u>
<b>Total Fund Balances</b>	<u>(305,544)</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 169,456</u>

See accompanying notes to the basic financial statements

**ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION**

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***Reconciliation Of Fund Balances  
To Net Position Of Governmental Activity  
December 31, 2014***

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**Total Governmental Fund Balances** \$ (305,544)

*Amounts reported for governmental activities in the  
statement of net position are different because:*

Assets Held for Resale used in governmental activities are not resources and  
therefore are not reported in the funds.

5,530,635

***Net Position of Governmental Funds***

\$ 5,225,091

See accompanying notes to the basic financial statements

**ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION**

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***Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended December 31, 2014***

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	Community Improvement Corporation
<b>Revenues:</b>	
Charges for Services	\$ 161,668
Investment Earnings	46
All Other Revenue	110,391
<b>Total Revenue</b>	<u>272,105</u>
<b>Expenditures:</b>	
Current:	
Community Environment	139,415
Capital Outlay	39,935
<b>Total Expenditures</b>	<u>179,350</u>
Net Change in Fund Balance	92,755
<b>Fund Balances at Beginning of Year</b>	<u>(398,299)</u>
<b>Fund Balances End of Year</b>	<u>\$ (305,544)</u>

See accompanying notes to the basic financial statements

**ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION**

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***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances  
To The Statement Of Activity  
For The Fiscal Year Ended December 31, 2014***

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<b>Net Change in Fund Balances - Governmental Fund</b>	\$ 92,755
<i>Amounts reported for the governmental activity in the statement of activity is different because</i>	
This is the amount of capital outlay and contributions.	224,965
The net effect of disposals involving assets held for resale is to decrease net position.	<u>(114,823)</u>
<b><i>Change in Net Position of Governmental Activity</i></b>	<b><u>\$ 202,897</u></b>
See accompanying notes to the basic financial statements	



# **ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION**

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The St. Bernard Community Improvement Corporation (the "CIC") was created in May 2003 under the authority of Section 1702.01 *et seq.* of the Ohio Revised Code which provides that "a municipal corporation, a county or any combination thereof acting jointly, may create a Community Improvement Corporation which shall be a body corporate and politic and have territorial limits coterminous with the territorial limits of the political subdivision(s) creating such Community Improvement Corporation."

The St. Bernard Community Improvement Corporation (CIC), a non-profit organization, is an eleven-member board comprised of one Village official, three elected officials, five community representatives and two non-resident business advisors. The CIC is considered a blended component unit of the Village for reporting purposes, in accordance with accounting principles general accepted in the United States of America. The CIC is responsible for research and development of the Village, including the assurance that mortgage payments will be made to foster such development, the acquisition, construction, equipment and improvement of buildings, structures and other properties, the acquisition of sites for such development, the lease, sale and subdivision of such sites and incurring of debt in order to carry out such development, and to make loans to any individual or business entity in order to carry out such development purpose for the Village. Funding to finance the CIC comes from the sale of properties owned by the CIC and contributions from the Village and private sources.

The financial statements are presented as of December 31, 2014 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

#### **A. Reporting Entity**

The accompanying basic financial statements comply with the provisions of accounting principles general accepted in the United States of America in that the financial statements include all organizations, activities, functions and component units for which the CIC (the primary government) is financially accountable. The CIC is financially accountable for an organization if it has (1) the ability to appoint a voting majority of another entity's governing body and to impose its will on that entity, (2) the potential for that entity to provide specific financial benefits to or impose specific financial burdens on others, and (3) the entity's fiscal dependency on others.

Based on the foregoing, the CIC's financial reporting entity has no component units.

#### **B. Basis of Presentation**

The CIC operates as a non-profit organization and uses accounting policies applicable to governmental funds. All transactions are accounted for in a single governmental fund.

# ***ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **C. Measurement Focus**

Governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

#### **D. Basis of Accounting**

The modified accrual basis of accounting is followed by the CIC. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "measurable" means that the amount of the transaction can be determined. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the CIC is considered to be 60 days after year-end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

#### **E. Cash and Investments**

Cash and cash equivalents include amounts in demand deposits.

#### **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 has been not been provided for land and buildings. It is the CIC's practice to sell land and buildings after the appropriate improvements have been made. Because it is not the CIC's intent to use these properties themselves, they have not been depreciated.

# ***ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **G. Net position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation on those assets.

#### **H. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### **NOTE 2 – FUND DEFICIT**

The fund deficit at December 31, 2014 of \$305,544 arises from the recognition of expenditures on the modified accrual basis that are greater than expenditures recognized on the cash basis. The deficit does not exist under the cash basis of accounting. Transfers (from the Village) are provided when cash is required, not when accruals occur.

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# ***ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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### **NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

Statutes require the classification of funds held by the CIC into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the CIC. Such funds must be maintained either as cash in the CIC Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

# ***ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2014***

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### **NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

#### **A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of CIC cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the CIC places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the CIC's deposits was \$167,956 and the bank balance was \$173,433. The Federal Deposit Insurance Corporation (FDIC) covered all of the bank balance.

### **NOTE 4 – ADVANCE FROM VILLAGE**

The advance of \$475,000 was provided to the CIC in order to supply funds for property acquisitions/renovations in advance of future revenues. During 2015, the Village and the CIC determined jointly to convert the advance to a transfer, thereby eliminating the liability from the CIC's financial statements.

### **NOTE 5 - 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 agents and others; and natural disasters. The CIC carries commercial insurance, subject to certain limits and deductibles, to reduce the financial impact for claims arising from such matters. Claims have not exceeded this commercial coverage in any of the three preceding years.

**ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014***

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**NOTE 6 – ASSETS HELD FOR RESALE**

Summary by category of changes in governmental activities assets held for resale at December 31, 2014:

<i>Historical Cost:</i>	December 31,			December 31,
Class	2013	Additions	Deletions	2014
<i>Assets Held for Resale not being depreciated:</i>				
Land and Buildings	\$5,420,493	\$224,965	(\$114,823)	\$5,530,635
Total Cost	<u>\$5,420,493</u>	<u>\$224,965</u>	<u>(\$114,823)</u>	<u>\$5,530,635</u>



# 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

St. Bernard Community Improvement Corporation  
Hamilton County  
110 Washington Ave  
St. Bernard, Ohio 45217

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 St. Bernard Community Improvement Corporation, Hamilton County, (the Corporation) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated June 6, 2016.

### ***Internal Control Over Financial Reporting***

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

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.

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 a 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. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-002 described in the accompanying schedule of findings to be a significant deficiency.

***Compliance and Other Matters***

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

***Entity's Response to Findings***

The Corporation's responses to the findings identified in our audit are described in the accompanying schedule of finding. We did not audit the Corporation's responses and, accordingly, we express no opinion on them.

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

June 6, 2016



**ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014**

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

**FINDING NUMBER 2014-001**

**Material Weakness**

When designing the public office's system of internal controls and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The Corporation lacked management oversight in accounting and financial reporting on the Corporation's accounting records for the audit period. The Corporation uses QuickBooks to track the Capital Assets. Additions and deletions are input periodically by the bookkeeper based on activity recorded by the Corporation. The QuickBooks reports are then sent to their GAAP convertor for input into their GAAP financial statements.

The Corporation reported in 2013 \$45,942 in additions to Land and Buildings on the Capital Asset listing that were not supported by property records. In addition, the Village of St. Bernard transferred the property known as St. Bernard Square to the Corporation which had an appraised value of \$2,400,000; this transfer of property was not recorded by the Corporation. Finally, the Corporation's capital asset listing included an asset with a negative \$21,973 carrying value from 2012; related to the sale of property in 2012.

These issues were all carried over to 2014, and affected the beginning balances of the Corporations capital assets.

Lack of internal controls and formal capital assets policies over the accounting and financial reporting of capital assets increases the risk that errors, theft or fraud could occur and not be detected in a timely manner.

We recommend that the Corporation exercise due care when posting entries to the financial records and financial statement preparation to prevent errors, accurately reflect the Corporation's financial activity and financial position, and disclose all activities of the financial statements as required. .

The Corporation has posted audit adjustments to the financial statements and ledgers where appropriate, and has corrected the related notes to the financial statements.

**Officials' Response:**

Management has made changes to the procedures and methodologies utilized thereby promoting: that accounting records are properly designed; verifying the existence and valuation of assets and liabilities; and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data. In addition, a new accounting firm has been hired to document the financial records.

## FINDING NUMBER 2014-002

### Significant Deficiency

When designing the public office's system of internal controls and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The Corporation lacked management oversight in accounting and financial reporting in the Corporation's accounting records for the audit period based on the following:

The Corporation obtained the St. Bernard Square shopping center from the Village of St. Bernard in December 2013. The Corporation collected \$161,668 in rent from the vendors within the shopping center. However, we noted the following conditions:

- The Corporation does not have rental agreements with all of its renters. Upon receipt of the rental property, the Corporation continued to charge renters the same rate as the previous owner without regard to an actual agreement.
- Rental agreements with vendors that were carried forward did not always calculate to the amount of rent that was being charged and collected. We noted three out of five receipts tested could not be traced to supporting documentation indicating what rent checks made up the total deposit and which vendors made the payments.
- The Corporation did not provide or maintain duplicate receipts to the vendors for rent received and deposited.
- The Corporation did not maintain a monthly receipt ledger indicating the date and amounts paid to the Corporation by the shopping center's vendors that could be reconciled back to the financial statements.

Failure to maintain records and lack of financial accountability increases the risk of undetected misappropriation of funds, fraud, or theft. Controls should be put into place to help assure that all rental income receipts are properly accounted for. We recommend the Corporation obtain signed rental agreements between the Corporation and the renters of their properties, charge a consistent monthly rental amount that correlates to the rental agreements, and maintain documentation of all deposits and rental checks the Corporation receives.

### Officials' Response:

Management has made changes to the procedures and methodologies utilized thereby dramatically reducing the possibilities of undetected misappropriation of funds, fraud, or theft. Controls are in place to help assure that all rental income receipts are properly accounted for. Sale of this property is forthcoming which mitigates the need for new rental agreements.

**ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION  
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2013-001	Deficiencies in capital asset accounting records	No	Not Corrected – Reissued as 2014-001

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

St. Bernard Community Improvement Corporation  
Hamilton County  
110 Washington Ave  
St. Bernard, Ohio 45217

To the Board of Trustees:

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

We have audited the accompanying financial statements of the St. Bernard Community Improvement Corporation, Hamilton County, Ohio (the Corporation), a component unit of the Village of St. Bernard, as of and for the year ended December 31, 2013, 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 overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Improvement Corporation of the Village of St. Bernard, Hamilton County as of December 31, 2013, and the changes in its financial position 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 June 6, 2016, 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

June 6, 2016

# ***ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION***

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## ***Management's Discussion and Analysis - Unaudited For the Year Ended December 31, 2013***

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The discussion and analysis of St. Bernard Community Improvement Corporation (the CIC) financial performance provides an overall review of the CIC's financial activities for the year ended December 31, 2013. 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.

### **Financial Highlights**

**Key financial highlights for 2013 are as follows:**

- ❑ In total, net position increased \$2,241,550, which represents a 80.6% increase from 2012.
- ❑ Program specific revenues in the form of charges for services and contributions accounted for \$2,357,840 in revenues, while interest revenue accounted for \$147.
- ❑ The CIC had \$116,437 in expenses related to its activity and \$2,357,840 in program revenues to offset this activity.
- ❑ On a fund basis, the CIC had \$105,983 in revenues and other financing sources and \$559,390 in expenditures. The CIC's fund balance decreased \$453,407 to a deficit of \$398,299 for 2013.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of two parts – management's discussion and analysis and the basic financial statements. These statements are organized so the reader can understand the financial position of the CIC. The CIC's activity is reported as a governmental fund, which focus on how money flows into and out of the fund and the balance left at year-end available for spending in future periods. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the CIC's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the CIC's programs. The relationship (or differences) between the governmental activity (reported in the Statement of Net Position and the Statement of Activities) and governmental fund is reconciled in the financial statements. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

## ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION

### *Management's Discussion and Analysis - Unaudited For the Year Ended December 31, 2013*

#### FINANCIAL ANALYSIS OF THE CIC

The following tables represent the CIC's condensed financial information for 2013 and 2012 derived from the statement of net position and the statement of revenues, expenses, and changes in net position.

	2013	2012
Current and other assets	\$76,701	\$584,108
Assets Held for Resale	5,420,493	2,725,536
Total assets	5,497,194	3,309,644
Other liabilities	475,000	529,000
Total liabilities	475,000	529,000
Net position		
Net Investment in assets held for resale	5,420,493	2,725,536
Unrestricted	(398,299)	55,108
Total net position	\$5,022,194	\$2,780,644

Changes in Net Position – The following table provides a comparison of the changes in net position for fiscal year 2013 and 2012:

	2013	2012
Revenues		
Program revenues:		
Charges for Services and Sales	\$3,782	\$126,607
Capital Grants and Contributions	2,354,058	388,543
General revenues:		
Investment Earnings	147	445
Total revenues	2,357,987	515,595
Program Expenses		
Community Environment	116,437	133,405
Total expenses	116,437	133,405
Change in Net Position	2,241,550	382,190
Beginning Net Position	2,780,644	2,398,454
Ending Net Position	\$5,022,194	\$2,780,644

Net Position increased by \$2,241,550. This increase was the result of the Village of St. Bernard donating St. Bernard Square to the CIC.



# ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION

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## *Management's Discussion and Analysis - Unaudited For the Year Ended December 31, 2013*

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### ASSETS HELD FOR RESALE

At the end of fiscal 2013 the CIC had \$5,420,493 invested in land and buildings. The following table shows fiscal year 2013 and 2012 balances:

	Governmental Activity		Increase (Decrease)
	2013	2012	
Land and Buildings	\$5,420,493	\$2,725,536	\$2,694,957
Totals	\$5,420,493	\$2,725,536	\$2,694,957

The primary increases occurred due to the donation of the St. Bernard Square property from the Village of St. Bernard in 2013.

Additional information on the CIC's assets held for resale can be found in Note 6.

### ECONOMIC FACTORS

The CIC acquires land and buildings to advance, encourage and promote the industrial, economic, commercial and civic development of the Village of St. Bernard, Ohio in order to maintain and enhance the quality of life for the Village's residents and businesses. The CIC receives the majority of its funding from the Village, state and federal grants, the proceeds of property sales, and charges for services (rental income). The CIC has no employees.

### REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, investors, and creditors with a general overview of the CIC's finances and to reflect the CIC's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Paul Myers, Executive Director, Community Improvement Corporation of the Village of St. Bernard, 110 Washington Avenue, St. Bernard, Ohio 45217.

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**ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION**

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**Statement of Net Position**  
**December 31, 2013**

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	<u>Governmental Activity</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 75,701
Other Assets	1,000
Assets Held for Resale	<u>5,420,493</u>
<b>Total Assets</b>	<u>5,497,194</u>
<b>Liabilities:</b>	
Advances from Village	<u>475,000</u>
<b>Total Liabilities</b>	<u>475,000</u>
<b>Net Position:</b>	
Net Investment in Assets Held for Resale	5,420,493
Unrestricted	<u>(398,299)</u>
<b>Total Net Position</b>	<u>\$ 5,022,194</u>

See accompanying notes to the basic financial statements

**ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION**

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***Statement Of Activity***

***For The Year Ended December 31, 2013***

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	<u>Program Revenues</u>			<u>Net Revenue and Change in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activity</u>
<b>Governmental Activity:</b>				
Community Environment	\$ 116,437	\$ 3,782	\$ 2,354,058	\$ 2,241,403
<b>Totals</b>	<u>\$ 116,437</u>	<u>\$ 3,782</u>	<u>\$ 2,354,058</u>	
<b>General Revenues:</b>				
Investment Earnings				147
Total General Revenues				147
Change in Net Position				2,241,550
Net Position Beginning of Year				2,780,644
Net Position End of Year				<u>\$ 5,022,194</u>

See accompanying notes to the basic financial statements

**ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION**

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**Balance Sheet**  
**December 31, 2013**

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	Community Improvement Corporation
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 75,701
Other Assets	1,000
<b>Total Assets</b>	<u>\$ 76,701</u>
<b>Liabilities:</b>	
Advances from Village	\$ 475,000
<b>Total Liabilities</b>	<u>475,000</u>
<b>Fund Balances:</b>	
Unassigned	(398,299)
<b>Total Fund Balances</b>	<u>(398,299)</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 76,701</u>

See accompanying notes to the basic financial statements

**ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION**

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***Reconciliation Of Fund Balances  
To Net Position Of Governmental Activity  
December 31, 2013***

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**Total Governmental Fund Balances** \$ (398,299)

***Amounts reported for governmental activities in the  
statement of net position are different because:***

Assets held for resale used in governmental activities are not resources and  
therefore are not reported in the funds.

5,420,493

***Net Position of Governmental Funds***

\$ 5,022,194

See accompanying notes to the basic financial statements

**ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION**

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***Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended December 31, 2013***

---

	Community Improvement Corporation
<b>Revenues:</b>	
Charges for Services	\$ 3,782
Investment Earnings	147
<b>Total Revenue</b>	<u>3,929</u>
<b>Expenditures:</b>	
Current:	
Community Environment	79,565
Capital Outlay	479,825
<b>Total Expenditures</b>	<u>559,390</u>
Excess (Deficiency) of Revenues Over Expenditures	(555,461)
<b>Other Financing Sources (Uses):</b>	
Sale of Assets Held for Resale	102,054
<b>Total Other Financing Sources (Uses)</b>	<u>102,054</u>
Net Change in Fund Balance	(453,407)
<b>Fund Balances at Beginning of Year</b>	<u>55,108</u>
<b>Fund Balances End of Year</b>	<u>\$ (398,299)</u>

See accompanying notes to the basic financial statements

**ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION**

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***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances  
To The Statement Of Activity  
For The Fiscal Year Ended December 31, 2013***

---

**Net Change in Fund Balances - Governmental Fund** \$ (453,407)

*Amounts reported for the governmental activity in the statement of activity is different because*

This is the amount of capital outlay and contributions. 2,833,883

The net effect of disposals involving assets held for resale is to decrease net position. (138,926)

***Change in Net Position of Governmental Activity*** \$ 2,241,550

See accompanying notes to the basic financial statements



# **ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION**

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2013***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The St. Bernard Community Improvement Corporation (the "CIC") was created in May 2003 under the authority of Section 1702.01 *et seq.* of the Ohio Revised Code which provides that "a municipal corporation, a county or any combination thereof acting jointly, may create a Community Improvement Corporation which shall be a body corporate and politic and have territorial limits coterminous with the territorial limits of the political subdivision(s) creating such Community Improvement Corporation."

The St. Bernard Community Improvement Corporation (CIC), a non-profit organization, is an eleven-member board comprised of one Village official, three elected officials, five community representatives and two non-resident business advisors. The CIC is considered a blended component unit of the Village for reporting purposes, in accordance with accounting principles general accepted in the United States of America. The CIC is responsible for research and development of the Village, including the assurance that mortgage payments will be made to foster such development, the acquisition, construction, equipment and improvement of buildings, structures and other properties, the acquisition of sites for such development, the lease, sale and subdivision of such sites and incurring of debt in order to carry out such development, and to make loans to any individual or business entity in order to carry out such development purpose for the Village. Funding to finance the CIC comes from the sale of properties owned by the CIC and contributions from the Village and private sources.

The financial statements are presented as of December 31, 2013 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

#### **A. Reporting Entity**

The accompanying basic financial statements comply with the provisions of accounting principles general accepted in the United States of America in that the financial statements include all organizations, activities, functions and component units for which the CIC (the primary government) is financially accountable. The CIC is financially accountable for an organization if it has (1) the ability to appoint a voting majority of another entity's governing body and to impose its will on that entity, (2) the potential for that entity to provide specific financial benefits to or impose specific financial burdens on others, and (3) the entity's fiscal dependency on others.

Based on the foregoing, the CIC's financial reporting entity has no component units.

#### **B. Basis of Presentation**

The CIC operates as a non-profit organization and uses accounting policies applicable to governmental funds. All transactions are accounted for in a single governmental fund.

# **ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION**

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2013***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **C. Measurement Focus**

Governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

#### **D. Basis of Accounting**

The modified accrual basis of accounting is followed by the CIC. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "measurable" means that the amount of the transaction can be determined. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the CIC is considered to be 60 days after year-end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

#### **E. Cash and Investments**

Cash and cash equivalents include amounts in demand deposits.

#### **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 has been not been provided for land and buildings. It is the CIC's practice to sell land and buildings after the appropriate improvements have been made. Because it is not the CIC's intent to use these properties themselves, they have not been depreciated.

# ***ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2013***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **G. Net position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation on those assets.

#### **H. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### **NOTE 2 – FUND DEFICIT**

The fund deficit at December 31, 2013 of \$398,299 arises from the recognition of expenditures on the modified accrual basis that are greater than expenditures recognized on the cash basis. The deficit does not exist under the cash basis of accounting. Transfers (from the Village) are provided when cash is required, not when accruals occur.

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# ***ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2013***

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### **NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

Statutes require the classification of funds held by the CIC into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the CIC. Such funds must be maintained either as cash in the CIC Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

# ***ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION***

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2013***

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### **NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

#### **A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of CIC cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the CIC places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the CIC's deposits was \$75,701 and the bank balance was \$75,701. The Federal Deposit Insurance Corporation (FDIC) covered all of the bank balance.

### **NOTE 4 – ADVANCE FROM VILLAGE**

The advance of \$475,000 was provided to the CIC in order to supply funds for property acquisitions/renovations in advance of future revenues. During 2015, the Village and the CIC determined jointly to convert the advance to a transfer, thereby eliminating the liability from the CIC's financial statements.

### **NOTE 5 - 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 agents and others; and natural disasters. The CIC carries commercial insurance, subject to certain limits and deductibles, to reduce the financial impact for claims arising from such matters. Claims have not exceeded this commercial coverage in any of the three preceding years.

**ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 6 – ASSETS HELD FOR RESALE**

Summary by category of changes in governmental activities assets held for resale at December 31, 2013:

<i>Historical Cost:</i>	December 31,			December 31,
Class	2012	Additions	Deletions	2013
<i>Assets Held for Resale not being depreciated:</i>				
Land and Buildings	\$2,725,536	\$2,833,883	(\$138,926)	\$5,420,493
Total Cost	<u>\$2,725,536</u>	<u>\$2,833,883</u>	<u>(\$138,926)</u>	<u>\$5,420,493</u>

During 2013, the Village donated St. Bernard Square to the CIC. The donated property was valued at \$2,354,058.



# 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*

St. Bernard Community Improvement Corporation  
Hamilton County  
110 Washington Ave  
St. Bernard, Ohio 45217

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 St. Bernard Community Improvement Corporation, Hamilton County, (the Corporation) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated June 6, 2016.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2013-001 to be a material weakness.

***Compliance and Other Matters***

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

***Entity's Response to Findings***

The Corporation's response to the finding identified in our audit is described in the accompanying schedule of finding. We did not audit the Corporation's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

June 6, 2016



**ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013**

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

**FINDING NUMBER 2013-001**

**Material Weakness**

When designing the public office's system of internal controls and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The Corporation lacked management oversight in accounting and financial reporting on the Corporation's accounting records for the audit period. The Corporation uses QuickBooks to track the Capital Assets. Additions and Deletions are input periodically by the bookkeeper based on activity recorded by the Corporation. The QuickBooks reports are then sent to their GAAP convertor for input into their GAAP financial statements.

The Corporation reported for 2013 \$45,942 in additions to Land and Buildings on the Capital Asset listing that were not supported by property records. Also, in 2013 the Village of St. Bernard transferred the property known as St. Bernard Square to the Corporation which had an appraised value of \$2,400,000; this transfer of property was not recorded by the Corporation. Finally, the Corporation's Capital Asset listing included an asset with a negative \$21,973 carrying value from 2012; related to the sale of property in 2012.

Lack of internal controls and formal capital assets policies over the accounting and financial reporting of capital assets increases the risk that errors, theft or fraud could occur and not be detected in a timely manner.

We recommend that the Corporation exercise due care when posting entries to the financial records and financial statement preparation to prevent errors, accurately reflect the Corporation's financial activity and financial position, and disclose all activities of the financial statements as required.

The Corporation has posted audit adjustments to the financial statements and ledgers where appropriate, and has corrected the related notes to the financial statements.

**Officials' Response:**

Management has made changes to the procedures and methodologies utilized thereby promoting: that accounting records are properly designed; verifying the existence and valuation of assets and liabilities; and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data. In addition, a new accounting firm has been hired to document the financial records.

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# Dave Yost • Auditor of State

**ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION**

**HAMILTON 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  
JULY 5, 2016**