



Dave Yost • Auditor of State



**COMMUNITY IMPROVEMENT CORPORATION OF SPRINGBORO  
WARREN COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation of Springboro  
Warren County  
320 W. Central Avenue  
Springboro, Ohio 45066

To the Board of Trustees:

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

We have audited the accompanying financial statements of the Community Improvement Corporation of Springboro, Warren County, Ohio (the CIC), as of and for the years ended December 31, 2016 and 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 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 Springboro, Warren County as of December 31, 2016 and 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2017, 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.

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

September 6, 2017

*Community Improvement Corporation of Springboro  
Warren County, Ohio*

*Management's Discussion and Analysis  
December 31, 2016  
(Unaudited)*

The discussion and analysis of the Community Improvement Corporation of Springboro, Warren County, Ohio (the "CIC") financial performance provides an overall review of the financial activities for the year ended December 31, 2016. 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 2016 are as follows:

- The CIC received \$900,000 from the City of Springboro as part of the Brothers Trading Company economic development incentive. The CIC will release the balance once certain requirements have been met.
- The ending cash balance increased to \$300,542 of which \$300,000 is considered restricted for the incentive program.

### **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 presented on the accrual basis method. 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.

*Community Improvement Corporation of Springboro  
Warren County, Ohio*

*Management's Discussion and Analysis  
December 31, 2016  
(Unaudited)*

**Statement of Net Position**

The statement of net 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, Net Investment in Capital Assets:** 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 Net Investment in Capital Assets" or "Restricted Net Position".

Table 1 compares information on the CIC's Net Position between 2015 and 2016.

<b>Table 1 Net Position</b>		
	<u>2015</u>	<u>2016</u>
<b>Assets:</b>		
Current and other assets	<u>\$32</u>	<u>\$300,542</u>
<b>Liabilities:</b>		
Current liabilities	<u>0</u>	<u>0</u>
<b>Net Position:</b>		
Restricted	0	300,000
Unrestricted	<u>32</u>	<u>542</u>
Total Net Position	<u>\$32</u>	<u>\$300,542</u>



*Community Improvement Corporation of Springboro  
Warren County, Ohio*

*Management's Discussion and Analysis  
December 31, 2016  
(Unaudited)*

The CIC received and disbursed grant funds during 2015 and 2016 although the 2016 contribution was for a much larger scale project. The City of Springboro borrowed funds through the Warren County Port Authority and provided the funds to the CIC as part of the economic development incentive project with Brothers Trading Company. The CIC's only operating expenses for the two years were for accounting services and the annual State registration. The City uses the CIC as necessary and based upon available funding.

Table 2 compares the changes in net position for the 2015 and 2016 years.

**Table 2  
Changes in Net Position**

	2015	2016
<b>Operating Revenues:</b>		
Operating contributions	\$20,000	\$700
Interest	0	70
Total Revenues	20,000	770
<b>Operating Expenses:</b>		
Operating Grants	20,000	0
Other General Administration	282	260
Total Expenses	20,282	260
<b>Nonoperating Revenues (Expenses)</b>		
Local Contributions	0	900,000
Economic Development Incentive	0	(600,000)
Total Nonoperating Revenues (Expenses)	0	300,000
Change in Net Position	(282)	300,510
Net Position, Beginning of Year	314	32
Net Position, End of Year	\$32	\$300,542

As stated earlier, the CIC purpose for 2015 and 2016 was to aid the City in providing grants to local businesses with a few administrative expenses incurred as well.

**Capital Assets**

The CIC had no capital assets at December 31, 2016.

**Debt**

The CIC had no debt at December 31, 2016.

*Community Improvement Corporation of Springboro  
Warren County, Ohio*

*Management's Discussion and Analysis  
December 31, 2016  
(Unaudited)*

**Contacting the CIC**

This financial report is designed to provide a general overview of the finances of the Community Improvement Corporation of Springboro 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: Community Improvement Corporation, City of Springboro Finance Director, 320 West Central Avenue, Springboro, Ohio 45066 - (937) 748-4343.

**Community Improvement Corporation of Springboro**  
**Warren County, Ohio**  
**Statement of Net Position**  
**December 31, 2016**

**ASSETS:**

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 542
Restricted Cash and Cash Equivalents	<u>300,000</u>

TOTAL ASSETS	<u><u>300,542</u></u>
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**LIABILITIES:**

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

Restricted for Economic Development Incentive	300,000
Unrestricted Net Position	<u>542</u>

TOTAL NET POSITION	<u><u>\$ 300,542</u></u>
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See accompanying notes to the financial statements

**Community Improvement Corporation of Springboro  
Warren County, Ohio  
Statement of Revenues, Expenses  
and Changes in Net Position  
For the Year Ended December 31, 2016**

**OPERATING REVENUES:**

Operating Contributions	\$	700
Interest		70
		770
Total Operating Revenues		770

**OPERATING EXPENSES:**

Accounting		250
Other General Administration		10
		260
Total Operating Expenses		260
Operating Income		510

**NONOPERATING REVENUES (EXPENSES):**

Local Contributions - nonoperating		900,000
Economic Development Incentive		(600,000)
		300,000
Total Nonoperating Revenues (Expenses)		300,000

**CHANGE IN NET POSITION**

		300,510
Net Position Beginning of Year		32
Net Position End of Year	\$	300,542

See accompanying notes to the financial statements

**Community Improvement Corporation of Springboro**  
**Warren County, Ohio**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2016**

<b>Cash flows from operating activities:</b>	
Cash received from local foundations for operations	\$ 700
Cash payments to supplier for goods and services	(260)
Other miscellaneous revenue	<u>70</u>
Net cash provided by operating activities	510
 <b>Cash flows from noncapital financing activities:</b>	
Local Contributions	900,000
Cash payments for incentives	<u>(600,000)</u>
Net cash provided by noncapital financing activities	<u>300,000</u>
Net Increase in Cash and Cash Equivalents	300,510
Cash and cash equivalents at beginning of year	<u>32</u>
Cash and cash equivalents at end of year	<u><u>\$ 300,542</u></u>

See accompanying notes to the financial statements

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**Community Improvement Corporation of Springboro  
Warren County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2016**

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

The Community Improvement Corporation of Springboro ("CIC" or "the Organization") is a non-profit organization incorporated in Ohio on March 30, 1989 by resolution from the City of Springboro, Ohio. It is not considered a component unit of the City of Springboro government, State of Ohio. The Organization was established as a "community improvement corporation", as set forth in the Ohio Revised Code. The Board of Directors consist of no less than three and no more than five board members as determined by the City of Springboro.

The CIC was created to serve the business community of Springboro. The CIC's responsibilities include providing financial resources and assistance for development that benefits the business community. Due to the variable nature of local development, the CIC consistently seeks potential projects that support its identified core principles of maintaining a functioning CIC, supporting the business community, developing or maintaining local infrastructure, and encouraging stability and vitality within the region.

The CIC spends a majority of its time and effort on administering financial assistance programs that provide resources to local businesses for projects that improve the community through increased local investment, more viable businesses, and increasing or maintaining employment opportunities in the City. At this time, the CIC administers two programs, although the funding level for each program is variable based on the CIC's nonprofit status and available funds.

One program, the Springboro Incentive Program (SIP), is designed to improve the appearance of the commercial and industrial areas within Springboro by providing incentives that encourage local businesses to invest in vacant properties. Another program, the Industrial Revenue Bond (IRB) program, utilizes the CIC's nonprofit status to assist businesses with financing large capital investment through an Industrial Revenue Bond.

**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.

The significant accounting policies followed in the preparation of these financial statements conform to general accepted accounting principles 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:

**Community Improvement Corporation of Springboro  
Warren County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2016**

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

**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 and expenses 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 net position. The statement of revenues, expenses and change in net position presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

Basis of accounting refers to when revenues and 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 typically result from providing services and producing and delivering goods in connection with the CIC's principal ongoing operation. The additional future operating revenue of the CIC is contributions from the City. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. The CIC did have nonoperating revenues and expenses in 2016 related to the economic development incentive program.

**Cash Equivalents**

During the calendar year 2016, the CIC's cash in an interest bearing account is considered to be cash equivalents. The balance of the economic development incentive money is held as "Restricted Cash and Cash Equivalents" since those funds cannot be used for the CIC operating purposes.

**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.



**Community Improvement Corporation of Springboro  
Warren County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2016**

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

**Income Taxes**

The CIC is a non-profit entity exempt from income taxes under Section 501 (c) (6) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements.

**Fin 48- Accounting for Uncertain Tax Positions**

The CIC may file income tax returns and information returns in the US Federal jurisdiction and various state and local jurisdictions. The CIC is no longer subject to US Federal income tax examination by authorities for the years prior to 2007. With respect to state and local jurisdictions the CIC is no longer subject to income tax examinations prior to 2007. In the normal course of business, the CIC is subject to examination by various taxing authorities. Although the outcome of tax audits is always uncertain, the CIC believes that there are no significant unrecognized tax liabilities as of December 31, 2016.

**NOTE 3 – Cash**

At December 31, 2016, the carrying amount of the CIC's deposits was \$300,542. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2016, \$50,542 of the CIC's cash balance was not subject to FDIC coverage.

**NOTE 4 – Contributions**

The CIC received \$600,000 in contributions from the City of Springboro related to grant programs.

**NOTE 5 – Litigation**

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

**NOTE 6 – Change in Accounting Principles**

The CIC implemented the following GASB statements during fiscal year 2016:

- GASB Statement No. 75, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- GASB Statement No. 77, *Tax Abatements Disclosures*
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*

***Community Improvement Corporation of Springboro  
Warren County, Ohio***

***Notes to the Basic Financial Statements  
December 31, 2016***

**NOTE 7 – Subsequent Events**

On April 3, 2017, the CIC distributed the remaining \$300,000 to the Brothers Trading Company as part of the economic development incentive.

*Community Improvement Corporation of Springboro  
Warren County, Ohio*

*Management's Discussion and Analysis  
December 31, 2015  
(Unaudited)*

The discussion and analysis of the Community Improvement Corporation of Springboro, Warren County, Ohio (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 received \$20,000 in operating contributions during the year.
- The CIC reported a payable for grant funding of \$7,500 during the prior year since the contribution was received in December 2014 and the terms were not satisfied until 2015 when the funds were disbursed.
- The CIC provided an economic development grant of \$20,000 during the year.
- The ending cash balance decreased to \$32.

### **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 presented on the accrual basis method. 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.

*Community Improvement Corporation of Springboro  
Warren County, Ohio*

*Management's Discussion and Analysis  
December 31, 2015  
(Unaudited)*

**Statement of Net Position**

The statement of net 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, Net Investment in Capital Assets:** 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 Net Investment in Capital Assets" or "Restricted Net Position".

Table 1 compares information on the CIC's Net Position between 2014 and 2015.

	2014	2015
<b>Table 1 Net Position</b>		
<b>Assets:</b>		
Current and other assets	\$7,814	\$32
<b>Liabilities:</b>		
Current liabilities	7,500	0
<b>Net Position:</b>		
Unrestricted	\$314	\$32

*Community Improvement Corporation of Springboro  
Warren County, Ohio*

*Management's Discussion and Analysis  
December 31, 2015  
(Unaudited)*

The CIC received and disbursed grant funds during 2014 and 2015 although the 2014 contribution was received near end and was not be disbursed until January 2015. The CIC's only operating expenses for the two years were for accounting services and the annual State registration. The City uses the CIC as necessary and based upon available funding.

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

**Table 2  
Changes in Net Position**

	2014	2015
<b>Operating Revenues:</b>		
Operating contributions	\$7,500	\$20,000
Total Revenues	<u>7,500</u>	<u>20,000</u>
<b>Operating Expenses:</b>		
Operating Grants	7,500	20,000
Other General Administration	312	282
Total Expenses	<u>7,812</u>	<u>20,282</u>
Change in Net Position	(312)	(282)
Net Position, Beginning of Year	<u>626</u>	<u>314</u>
Net Position, End of Year	<u>\$314</u>	<u>\$32</u>

As stated earlier, the CIC purpose for 2014 and 2015 was to aid the City in providing grants to local businesses with a few administrative expenses incurred as well.

**Capital Assets**

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

**Debt**

The CIC had no debt at December 31, 2015.

*Community Improvement Corporation of Springboro  
Warren County, Ohio*

*Management's Discussion and Analysis  
December 31, 2015  
(Unaudited)*

**Contacting the CIC**

This financial report is designed to provide a general overview of the finances of the Community Improvement Corporation of Springboro 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: Community Improvement Corporation, City of Springboro Finance Director, 320 West Central Avenue, Springboro, Ohio 45066 - (937) 748-4343.

**Community Improvement Corporation of Springboro  
Warren County, Ohio  
Statement of Net Position  
December 31, 2015**

**ASSETS:**

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 32
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TOTAL ASSETS	32
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**LIABILITIES:**

TOTAL LIABILITIES	-
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**NET POSITION:**

Unrestricted Net Position	32
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TOTAL NET POSITION	\$ 32
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See accompanying notes to the financial statements

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

**OPERATING REVENUES:**

Operating Contributions	\$ 20,000
	<hr/>
Total Operating Revenues	20,000
	<hr/>

**OPERATING EXPENSES:**

Business Exterior Grant	20,000
Accounting	282
	<hr/>
Total Operating Expenses	20,282
	<hr/>

**CHANGE IN NET POSITION** (282)

Net Position Beginning of Year	314
Net Position End of Year	\$ 32
	<hr/> <hr/>

See accompanying notes to the financial statements



**Community Improvement Corporation of Springboro**  
**Warren County, Ohio**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2015**

**Cash flows from operating activities:**

Cash received from local foundations for operations	\$ 20,000
Cash payments to supplier for goods and services	<u>(20,282)</u>
Net cash used for operating activities	(282)
Cash and cash equivalents at beginning of year	<u>314</u>
Cash and cash equivalents at end of year	<u><u>\$ 32</u></u>

See accompanying notes to the financial statements

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**Community Improvement Corporation of Springboro  
Warren County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2015**

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

The Community Improvement Corporation of Springboro ("CIC" or "the Organization") is a non-profit organization incorporated in Ohio on March 30, 1989 by resolution from the City of Springboro, Ohio. It is not considered a component unit of the City of Springboro government, State of Ohio. The Organization was established as a "community improvement corporation", as set forth in the Ohio Revised Code. The Board of Directors consist of no less than three and no more than five board members as determined by the City of Springboro.

The CIC was created to serve the business community of Springboro. The CIC's responsibilities include providing financial resources and assistance for development that benefits the business community. Due to the variable nature of local development, the CIC consistently seeks potential projects that support its identified core principles of maintaining a functioning CIC, supporting the business community, developing or maintaining local infrastructure, and encouraging stability and vitality within the region.

The CIC spends a majority of its time and effort on administering financial assistance programs that provide resources to local businesses for projects that improve the community through increased local investment, more viable businesses, and increasing or maintaining employment opportunities in the City. At this time, the CIC administers two programs, although the funding level for each program is variable based on the CIC's nonprofit status and available funds.

One program, the Springboro Incentive Program (SIP), is designed to improve the appearance of the commercial and industrial areas within Springboro by providing incentives that encourage local businesses to invest in vacant properties. Another program, the Industrial Revenue Bond (IRB) program, utilizes the CIC's nonprofit status to assist businesses with financing large capital investment through an Industrial Revenue Bond.

**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.

The significant accounting policies followed in the preparation of these financial statements conform to general accepted accounting principles 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:

**Community Improvement Corporation of Springboro  
Warren County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2015**

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

**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 and expenses 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 net position. The statement of revenues, expenses and change in net position presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

Basis of accounting refers to when revenues and 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 typically result from providing services and producing and delivering goods in connection with the CIC's principal ongoing operation. The additional future operating revenue of the CIC is contributions from the City. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. The CIC did not have any nonoperating revenues or expenses in 2015.

**Cash Equivalents**

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

**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.

**Community Improvement Corporation of Springboro  
Warren County, Ohio**

**Notes to the Basic Financial Statements  
December 31, 2015**

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

**Income Taxes**

The CIC is a non-profit entity exempt from income taxes under Section 501 (c) (4) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements.

**Fin 48- Accounting for Uncertain Tax Positions**

The CIC may file income tax returns and information returns in the US Federal jurisdiction and various state and local jurisdictions. The CIC is no longer subject to US Federal income tax examination by authorities for the years prior to 2007. With respect to state and local jurisdictions the CIC is no longer subject to income tax examinations prior to 2007. In the normal course of business, the CIC is subject to examination by various taxing authorities. Although the outcome of tax audits is always uncertain, the CIC believes that there are no significant unrecognized tax liabilities as of December 31, 2015.

**NOTE 3 – Cash**

At December 31, 2015, the carrying amount of the CIC's deposits was \$32. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2015, the CIC's entire cash balance subject to FDIC coverage.

**NOTE 4 – Contributions**

The CIC received \$20,000 in contributions from the City of Springboro related to grant programs.

**NOTE 5 – Litigation**

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

**NOTE 6 – 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.

**NOTE 7 – Subsequent Events**

Management has evaluated subsequent events through February 19, 2016, the date on which financial statements were available to be issued.

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# Dave Yost • Auditor of State

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

Community Improvement Corporation of Springboro  
Warren County  
320 W. Central Avenue  
Springboro, Ohio 45066

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 Community Improvement Corporation of Springboro, Warren County, (the CIC) as of and for the years ended December 31, 2016 and 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 September 6, 2017.

### ***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 opinions 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. 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 2016-001 to be a material weakness.

***Compliance and Other Matters***

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

***Purpose of this Report***

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

September 6, 2017



**COMMUNITY IMPROVEMENT CORPORATION OF SPRINGBORO  
WARREN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016**

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

**FINDING NUMBER 2016-001**

**Material Weakness**

When designing the public office's system of internal control 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 CIC failed to record two expenditures and one receipt for 2016 which were, therefore, not reported on the financial statements. The CIC's bank statements report on the period from the 14th of the month to the 14th of the following month. On the bank statement for December 14, 2016 to January 14, 2017, there were two 2016 expenditures, one dated December 21, 2016 for \$300,000 to Caesars Creek Software for a relocation grant and the other dated December 27, 2016 for a returned deposit fee of \$10, which was later credited back on January 10, 2017. The returned deposit fee related to the CIC's receipt of the Caesars Creek Relocation Grant for \$300,000 which was initially received on December 21, 2016 and then returned by the bank on December 27, 2016. However, a replacement check was received by the CIC, and deposited, on December 30, 2016.

The accompanying financial statements were corrected to reflect these items.

We recommend the CIC record receipts and expenditures in the proper period.

**Officials' Response:**

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

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# Dave Yost • Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION OF SPRINGBORO**

**WARREN COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 26, 2017**