



Dave Yost • Auditor of State

**COLERAIN TOWNSHIP HAMILTON COUNTY, CIC, INC.
HAMILTON COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Colerain Township, Hamilton County, CIC, Inc.
Hamilton County
4200 Springdale Road
Cincinnati, Ohio 45251

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of Colerain Township, Hamilton County, CIC, Inc. (the CIC), comprise the statement of financial position, the related statements of activities and cash flows, as of and for the years ended December 31, 2017 and 2016, 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 preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the CIC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colerain Township, Hamilton County, CIC, Inc, as of December 31, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2018, on our consideration of the CIC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CIC's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

October 29, 2018

**COLERAIN TOWNSHIP, HAMILTON COUNTY, CIC
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

	2017
ASSETS	
CURRENT ASSETS:	
Cash - PNC Bank	\$ 405,159
Property held for development	
Land 9184 Pippin	1,000
TOTAL ASSETS	406,159
 LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Loan Payable - Colerain Township	360,000
TOTAL CURRENT LIABILITIES	360,000
 NET ASSETS	\$ 46,159

See accompanying notes to the basic financial statements.

**COLERAIN TOWNSHIP, HAMILTON COUNTY, CIC
STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>
OPERATING REVENUES:	
Real Estate Tax Refund	<u>\$ 4,601</u>
TOTAL OPERATING REVENUE	<u>4,601</u>
OPERATING EXPENSES	
Insurance	859
Water Bills	362
Audit Fees	1,300
Bank Charges	33
Advertising	<u>22</u>
TOTAL OPERATING EXPENSES	<u>2,576</u>
OPERATING GAIN (LOSS)	<u>2,025</u>
NON-OPERATING REVENUE (EXPENSE)	
Gain on Sale - 2979 Jonrose and 2942 Banning	<u>230,410</u>
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>230,410</u>
CHANGE IN NET ASSETS	232,435
Net Assets (Deficit) Beginning of Year	<u>(186,276)</u>
Net Assets End of Year	<u><u>\$ 46,159</u></u>

See accompanying notes to the basic financial statements.

COLERAIN TOWNSHIP, HAMILTON COUNTY, CIC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>
Cash Flows from operating activities	
Real estate tax refund	\$ 4,601
Cash used for operations	<u>(2,576)</u>
Net cash provided by Operating Activities	2,025
Cash Flows from investing activities	
Proceeds of sale of 2879 Jonrose and 2942 Banning	359,687
Purchase of land - 9184 Pippin Avenue	<u>(1,000)</u>
Net cash provided by Investing Activities	358,687
Net cash increase for period	360,712
Cash at beginning of period	44,447
Cash at end of period	<u>\$ 405,159</u>

See accompanying notes to the basic financial statements.

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COLERAIN TOWNSHIP, HAMILTON COUNTY, CIC, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

1. **Nature of Operations**

Organization - The Colerain Township, Hamilton County, CIC, Inc. (CIC) was formed April 9, 2013 with the purpose to benefit the residents and businesses of Colerain Township, Hamilton County, Ohio, in that it will provide a mechanism to encourage development in Colerain Township, Hamilton County, Ohio. The CIC is an Ohio non-for-profit organization.

2. **Summary of Significant Accounting Policies**

Estimates in Financial Statements - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounting – CIC is one enterprise fund.

Revenue Recognition – All revenue received is considered available for unrestricted use unless specifically restricted by the board of directors.

Cash and Equivalents – The CIC considers cash and cash equivalents to include cash on hand, cash in banks, certificates of deposit and all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk – Financial instruments that potentially subject the CIC to concentrations of credit risk consist principally of temporary cash investments. The CIC places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. As of December 31, 2017 the CIC had no uninsured cash balance.

Income Taxes - The CIC is exempt from federal and state income taxes and accordingly, no provision for income taxes has been made in the financial statements on the income from the CIC's activities. The CIC is not required to file federal or state income tax returns.

3. **Subsequent Events**

No significant events have occurred through this date requiring adjustment to the financial statements or disclosures. The loan payable to Colerain Township was paid February 28, 2018 for the full amount of \$360,000. On June 26, 2018, the CIC approved per Resolution 1-18 to accept payment of \$530,000 from the Colerain Township Board of Trustees. \$400,000 of this

COLERAIN TOWNSHIP, HAMILTON COUNTY, CIC, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

amount will be a loan to be repaid on or before February 28, 2019. On June 26, 2018, the CIC approved per Resolution 2-18 to accept the transfer of property (Police Station Property) from the Colerain Township Board of Trustees.

4. Loan Payable

During 2014, the organization received \$360,000 in loan proceeds from Colerain Township to purchase a group of properties along Jonrose and Banning Avenue, in an effort to develop an affordable housing project for senior citizens. Colerain Township is working to secure purchase options on the properties identified. The loan was repaid in full on February 28, 2018.

5. Contingent Liabilities

Management believes there are no pending claims or lawsuits.

COLERAIN TOWNSHIP, HAMILTON COUNTY, CIC
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

	2016
ASSETS	
CURRENT ASSETS:	
Cash - PNC Bank	\$ 44,447
Property held for development	
Land - 2879 Jonrose	51,000
Title Services - 2879 Jonrose	4,257
Land- 2942 Banning	74,689
Title Services - 2942 Banning	1,331
Total Property Held for Development	131,277
TOTAL ASSETS	175,724
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Advance Deposits	2,000
Loan Payable	360,000
TOTAL CURRENT LIABILITIES	362,000
NET ASSETS (DEFICIT)	\$ (186,276)

See accompanying notes to the basic financial statements.

**COLERAIN TOWNSHIP, HAMILTON COUNTY, CIC
STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>
OPERATING EXPENSES	
Insurance	859
Water Bills	517
Real Estate Taxes	6,436
Audit Fees	2,837
Bank Charges	13
Banning Road Clean up	<u>28,050</u>
TOTAL OPERATING EXPENSES	<u>38,712</u>
OPERATING GAIN (LOSS)	<u>(38,712)</u>
NON-OPERATING REVENUES (EXPENSES)	
Gain on Sale - 2955 Jonrose	15,896
Gain on Sale - Sunlight Drive	9,920
Gain on Sale of Yellowstone	<u>48,678</u>
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>74,494</u>
CHANGE IN NET ASSETS	35,782
Net Assets Beginning of Year	<u>(222,058)</u>
Net Assets (Deficit) End of Year	<u><u>\$ (186,276)</u></u>

See accompanying notes to the basic financial statements.

**COLERAIN TOWNSHIP, HAMILTON COUNTY, CIC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016
Cash Flows from operating activities	
Cash used for operations	\$ (38,712)
Net cash provided by operating activities	(38,712)
Cash Flows from investing activities	
Settlement fees on purchased property	(1,604)
Proceeds of Sale 2955 of Jonrose	17,500
Proceeds of Sale of Sunlight Drive	9,920
Sale - Part of Yellowstone	50,678
Appraisal fee	(2,000)
Proceeds of Sale 8500 Pippin Road	200,000
Sale related payments	(200,000)
Net cash provided by Investing Activities	74,494
Cash Flows from financing activities	
Advance deposits	1,000
Net cash provided by financing activities	1,000
Net cash increase for period	36,782
Cash at beginning of period	7,665
Cash at end of period	\$ 44,447

See accompanying notes to the basic financial statements.

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COLERAIN TOWNSHIP, HAMILTON COUNTY, CIC, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

1. Nature of Operations

Organization - The Colerain Township, Hamilton County, CIC, Inc. (CIC) was formed April 9, 2013 with the purpose to benefit the residents and businesses of Colerain Township, Hamilton County, Ohio, in that it will provide a mechanism to encourage development in Colerain Township, Hamilton County, Ohio. The CIC is an Ohio non-for-profit organization.

2. Summary of Significant Accounting Policies

Basis of Financial Presentation - The CIC maintains its books, records and accounts on the accrual basis. The CIC prepares its financial statements in conformity with accounting principles generally accepted in the United States of America.

Estimates in Financial Statements - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounting – CIC is one enterprise fund.

Revenue Recognition – All revenue received is considered available for unrestricted use unless specifically restricted by the board of directors.

Cash and Equivalents – The CIC considers cash and cash equivalents to include cash on hand, cash in banks, certificates of deposit and all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk – Financial instruments that potentially subject the CIC to concentrations of credit risk consist principally of temporary cash investments. The CIC places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. As of December 31, 2016 the CIC had no uninsured cash balance.

Income Taxes - The CIC is exempt from federal and state income taxes and accordingly, no provision for income taxes has been made in the financial statements on the income from the CIC's activities. The CIC is not required to file federal or state income tax returns.

COLERAIN TOWNSHIP, HAMILTON COUNTY, CIC, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

3. **Subsequent Events**

No significant events have occurred through this date requiring adjustment to the financial statements or disclosures.

4. **Loan Payable**

During 2014, the organization received \$360,000 in loan proceeds from Colerain Township to purchase a group of properties along Jonrose and Banning Avenue, in an effort to develop an affordable housing project for senior citizens. Colerain Township is working to secure purchase options on the properties identified. When the sale of properties is completed to the developer the loan to Colerain Township will be repaid.

5. **Contingent Liabilities**

Management believes there are no pending claims or lawsuits.



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

Colerain Township, Hamilton County, CIC, Inc.
Hamilton County
4200 Springdale Road
Cincinnati, Ohio 45251

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 Colerain Township, Hamilton County, CIC, (the CIC) as of and for the year ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the CIC's basic financial statements and have issued our report thereon dated

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the CIC's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the '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 '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 2017-001 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*.

CIC's Response to Finding

The CIC's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the CIC's response to the auditing procedures applied in the audit of the financial statements 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 CIC's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the CIC's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

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

October 29, 2018

**COLERAIN TOWNSHIP, HAMILTON COUNTY, CIC, INC.
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

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

FINDING NUMBER 2017-001

Material Weakness

Reconciliation of Fund Balances and Classification of Revenue and Expense Transactions

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

We identified the following conditions related to the CIC's financial statements at December 31, 2017:

Statement of Position:

- Advance Deposits were understated by \$11,920; Net Position was overstated by \$11,920.

Statement of Activities:

- Revenues (Net) were overstated by \$228,806; Gain on Sale was understated by \$228,410.
- Net assets (Deficit) beginning of year was reported as overstated by \$11,524.

Cash Flow Statement:

- Increase in unrestricted assets was reported as \$230,831, and should have been reported as \$-0-
- Real Estate tax refund of \$4,601 was incorrectly included in a net amount presented as Increase in unrestricted assets.
- Cash used for operations of \$2,576 was incorrectly included in a net amount presented as Increase in unrestricted assets.
- Gain on sale of property was reported as \$226,806, and should have been reported as \$-0-
- Advance deposits were reported as \$2,000, and should have been reported as \$-0-

We identified the following conditions related to the CIC's financial statements at December 31, 2016:

Statement of Position:

- Advance Deposits were understated by \$9,920; Property Settlement fees were overstated by \$1,604, Net Position was overstated by \$11,524.

**FINDING NUMBER 2017-001
(Continued)**

Statement of Activities:

- Revenues (Net) were overstated by \$76,098; Gain on Sale was understated by \$64,574.

Cash Flow Statement:

- Increase in unrestricted assets was reported as \$37,386, and should have been reported as \$-0-.
- Cash used for operations \$38,712 was incorrectly included in a net amount presented as Increase in unrestricted assets.
- Proceeds of Sale of 2955 Jonrose \$17,500 was incorrectly included in a net amount presented as Increase in unrestricted assets.
- Sale – Part of Yellowstone \$50,678 was incorrectly included in a net amount presented as Increase in unrestricted assets.
- Appraisal fees \$2,000 was incorrectly included in a net amount presented as Increase in unrestricted assets.
- Proceeds of Sale of 8500 Pippin Road \$200,000 was incorrectly included in a net amount presented as Increase in unrestricted assets.
- Sales related payments \$200,000 was incorrectly included in a net amount presented as Increase in unrestricted assets.
- Advance deposits were reported as \$1,000, and should have been reported as \$10,920.

We recommend due care be exercised when posting entries to the financial records and annual financial report to prevent errors and to assist in accurately reflecting the CIC's financial activity in the underlying accounting records and the annual financial statements. We also recommend that management adopt procedures to periodically review posting of activity recorded in the underlying accounting records and reported in the annual financial statements.

The financial statements were updated to reflect this correction.

Officials' Response:

The Colerain Township Community Improvement Corporation (CIC) is one enterprise fund; and in agreement that the financial statements should follow GASB standards. The CIC expects that the CIC's finances be reported with a professional accounting expertise in not for profit entities. The financial statements represented misclassifications of operating versus non-operating revenue and expenses, which resulted in the overstating or understating in cash activity by categories required by GASB. The independent accounting firm selected for subsequent years will follow GASB standards to limit future errors like those contained in this report.

COLERAIN TOWNSHIP, HAMILTON COUNTY, CIC, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Status	Additional Information
2015-001	Financial Statement Adjustments	Not Corrected	Reissued as Finding 2017-001

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**COLERAIN TOWNSHIP, HAMILTON COUNTY COMMUNITY IMPROVEMENT CORPORATION, INC
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
DECEMBER 27, 2018**