



Dave Yost • Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON
FAYETTE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Basic Financial Statements:	
Statement of Net Position as of December 31, 2017	3
Statement of Activities and Change in Net Assets for the Year Ended December 31, 2017	4
Statement of Cash Flows for the Year Ended December 31, 2017	5
Notes to the Financial Statements for the Year Ended December 31, 2017.....	7
Statement of Net Position as of December 31, 2016.....	9
Statement of Activities and Change in Net Assets for the Year Ended December 31, 2016.....	10
Statement of Cash Flows for the Year Ended December 31, 2016	11
Notes to the Financial Statements for the Year Ended December 31, 2016.....	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings	17

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation of Washington
Fayette County
105 N Main Street
Washington Court House, Ohio 43160

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Improvement Corporation of Washington, Fayette County, Ohio (the Corporation), which comprise the statement of net position as of and for the years ended December 31, 2017 and 2016, the related statements of activities and cash flows for the years ended and the related notes to the financial statements

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 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 the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Improvement Corporation of Washington, Fayette County, Ohio, 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 Corporation 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 December 5, 2018, 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

December 5, 2018

**COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON
FAYETTE COUNTY**

**STATEMENT OF NET POSITION
DECEMBER 31, 2017**

ASSETS

CURRENT ASSETS

Cash and equivalents	\$42,968
Land Held for Resale	<u>10,800</u>

TOTAL CURRENT ASSETS	<u>53,768</u>
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LONG TERM ASSETS

Loan Receivable	<u>191,011</u>
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TOTAL LONG TERM ASSETS	<u>191,011</u>
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TOTAL ASSETS	<u><u>\$244,779</u></u>
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accrued payroll and related costs	<u>\$0</u>
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TOTAL CURRENT LIABILITIES	<u>0</u>
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NET POSITION

Unrestricted Net Position	<u>244,779</u>
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TOTAL NET POSITION AND LIABILITIES	<u><u>\$244,779</u></u>
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See accompanying notes to the basic financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON
FAYETTE COUNTY**

**STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017**

OPERATING REVENUES:	
Dues	<u>\$6,400</u>
TOTAL OPERATING REVENUES	6,400
OPERATING EXPENSES	
Community Action	10,800
Insurance Payment	187
Dues	767
Miscellaneous	<u>153</u>
TOTAL OPERATING EXPENSES	<u>11,907</u>
OPERATING INCOME (LOSS)	(5,507)
NON-OPERATING REVENUES (EXPENSES)	
Contribution from City	150,000
Land Donation from City	10,800
Donation to Park District	(150,000)
Interest	<u>1,005</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>11,805</u>
CHANGE IN NET POSITION	6,298
NET POSITION - JANUARY 1, 2017	<u>238,481</u>
NET POSITION - DECEMBER 31, 2017	<u><u>\$244,779</u></u>

See accompanying notes to the basic financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON
FAYETTE COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash from Operations	\$17,066
Cash Paid for Operating Expenses	(176,907)
Net Cash Provided (Used) by Operating Activities	<u>(159,841)</u>

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

Contribution from City	150,000
Donation to Park District	(150,000)
Net Cash Provided by Capital and Related Activities	<u>0</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest Income	203
Net Cash Provided by Investing Activities	<u>203</u>

Net Decrease in Cash and Cash Equivalents (159,638)

Cash and Cash Equivalents- January 1, 2016 202,606

Cash and Cash Equivalents- December 31, 2016 42,968

**RECONCILIATION OF OPERATING LOSS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Loss (5,507)
Adjustments to reconcile change in net assets to net
cash provided by operating activities:

Change in Loans Receivable (154,334)

Net Cash Used by Operating Activities (\$159,841)

See accompanying notes to the basic financial statements.

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**COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

1. DESCRIPTION OF THE ENTITY

The Community Improvement Corporation of Washington, Fayette County, Ohio (the Corporation), is a not-for-profit organization which derives the major source of its revenues from dues. The Corporation was formed to cultivate and promote industrial development in the Washington Court House, Ohio and Fayette County area.

The Corporation's management believes these financial statements present all activities for which the Corporation is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the Corporation's accounting policies are described below.

Basis of Accounting

The basic financial statements of the Corporation are prepared using the accrual basis of accounting in conformity with GAAP. Revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Corporation's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

Cash and Equivalents

For purposes of the statement of cash flows, the Corporation deposit accounts and certificates of deposit are considered cash equivalents.

Net Position

Net position represents the difference between assets and liabilities. The Corporation does not report restricted net position.

Operating Revenues and Expenses

Operating revenues consist primarily of fees for providing services. Operating expenses include the cost of providing these services, including administrative expenses. The Corporation contracts with Community Action for administrative services.

Non-operating revenues and expenses are all revenues and expenses not meeting the definition of operating revenues and expenses.

**COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

3. CASH AND CASH EQUIVALENTS

At December 31, 2017, the carrying amount of the Corporation's deposits was \$42,968. Based on criteria described in GASB Statement No. 40 "*Deposits and Investment Risk Disclosures*", as of December 31, 2017 the entire bank balances were covered by the Federal Deposit Insurance Corporation.

4. RECEIVABLES

Loans receivable represent low interest loans made by the Corporation for the purpose of financing community development. The loans bear interest at annual rates ranging from 0 to 2 percent. The loans are to be repaid over periods ranging from 3 to 10 years.

BB's Cakes & More	\$ 3,967
Good Dog Groomery	8,235
Guy Naylor	4,860
Langley Realty – 133	4,051
Langley Realty - 135	6,887
Life Pregnancy	40,000
Sunrise	23,011
Fayette County Park Board	<u>100,000</u>
Total Loan Receivable	<u>\$191,011</u>

5. RISK MANAGEMENT

The Corporation has obtained commercial insurance for risks related to employee dishonesty. There have been no claims filed the last three years.

6. CONTRIBUTION TO PARK BOARD

On May 22, 2017, the Corporation entered into an agreement with the City of Washington Court House and Fayette County to develop newly acquired greenspace for the purpose of park and recreation activity. Under the agreement, the County purchased the land, the City of Washington Court House agreed to contribute \$150,000 to the Corporation. The Corporation agreed to issue an interest free ten year promissory note in the amount of \$100,000 to the newly created Fayette County Park Board. Additionally the Corporation agreed to donate \$150,000 to the Park Board. The agreement includes a reversionary clause stating that if the 79 acres ceases to be maintained and operated as a golf course or as green space for the purpose of park and recreational activity, then the property will revert back to the Corporation and the Corporation will reimburse the County \$150,000. Further the Corporation agreed to pay the City of Washington Court House the sum of \$150,000 upon reversion of the property to the Corporation.

COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON
FAYETTE COUNTY

STATEMENT OF NET POSITION
DECEMBER 31, 2016

ASSETS

CURRENT ASSETS	<hr/>
Cash and equivalents	\$202,606
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TOTAL CURRENT ASSETS	202,606
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LONG TERM ASSETS	
Loan Receivable	35,875
	<hr/>
TOTAL LONG TERM ASSETS	35,875
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TOTAL ASSETS	\$238,481
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accured payroll and related costs	\$0
	<hr/>
TOTAL CURRENT LIABILITIES	0
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NET POSITION	
Unrestricted Net Postion	238,481
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TOTAL NET POSITION AND LIABILITIES	\$238,481
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See accompanying notes to the basic financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON
FAYETTE COUNTY**

**STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016**

OPERATING REVENUES:	
Dues	<u>\$6,375</u>
TOTAL OPERATING REVENUES	6,375
OPERATING EXPENSES	
Community Action	10,800
Insurance Payment	187
Bad Debt Expense	18,500
Dues	1,524
Miscellaneous	<u>164</u>
TOTAL OPERATING EXPENSES	<u>31,175</u>
OPERATING INCOME (LOSS)	(24,800)
NON-OPERATING REVENUES (EXPENSES)	
Settlement Fee	(395)
Interest	<u>745</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>350</u>
CHANGE IN NET POSITION	(24,450)
NET POSITION - JANUARY 1, 2016 (restated)	<u>262,931</u>
NET POSITION - DECEMBER 31, 2016	<u><u>\$238,481</u></u>

See accompanying notes to the basic financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON
FAYETTE COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash from Operations	\$11,195
Cash Paid for Operating Expenses	(33,395)
Net Cash Provided (Used) by Operating Activities	<u>(22,200)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Settlement Fees	(395)
Proceeds from Sale of Property	10,000
Interest Income	358
Net Cash Provided by Capital and Related Activities	<u>9,963</u>

Net Decrease in Cash and Cash Equivalents (12,237)

Cash and Cash Equivalents- January 1, 2016 214,843

Cash and Cash Equivalents- December 31, 2016 202,606

**RECONCILIATION OF OPERATING LOSS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Loss	(24,800)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in Loans Receivable	<u>2,600</u>
Net Cash Used by Operating Activities	<u><u>(\$22,200)</u></u>

See accompanying notes to the basic financial statements.

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**COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. DESCRIPTION OF THE ENTITY

The Community Improvement Corporation of Washington, Fayette County, Ohio (the Corporation), is a not-for-profit organization which derives the major source of its revenues from dues. The Corporation was formed to cultivate and promote industrial development in the Washington Court House, Ohio and Fayette County area.

The Corporation's management believes these financial statements present all activities for which the Corporation is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the Corporation's accounting policies are described below.

Basis of Accounting

The basic financial statements of the Corporation are prepared using the accrual basis of accounting in conformity with GAAP. Revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Corporation's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

Cash and Equivalents

For purposes of the statement of cash flows, the Corporation deposit accounts and certificates of deposit are considered cash equivalents.

Net Position

Net position represents the difference between assets and liabilities. The Corporation does not report restricted net position.

Operating Revenues and Expenses

Operating revenues consist primarily of fees for providing services. Operating expenses include the cost of providing these services, including administrative expenses. The Corporation contracts with Community Action for administrative services.

Non-operating revenues and expenses are all revenues and expenses not meeting the definition of operating revenues and expenses.

**COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

3. CASH AND CASH EQUIVALENTS

At December 31, 2016, the carrying amount of the Corporation's deposits was \$202,606. Based on criteria described in GASB Statement No. 40 "*Deposits and Investment Risk Disclosures*", as of December 31, 2016 the entire bank balances were covered by the Federal Deposit Insurance Corporation.

4. RECEIVABLES

Loans receivable represent low interest loans made by the Corporation for the purpose of financing community development. The loans bear interest at annual rates ranging from 0 to 2 percent. The loans are to be repaid over periods ranging from 3 to 10 years.

BB's Cakes & More	\$ 6,299
Good Dog Groomery	8,857
Guy Naylor	7,219
Langley Realty – 133	5,000
Langley Realty - 135	<u>8,500</u>
Total Loan Receivable	<u>\$ 35,875</u>

5. RISK MANAGEMENT

The Corporation has obtained commercial insurance for risks related to employee dishonesty. There have been no claims filed the last three years.

6. RESTATEMENT OF NET POSTION AT JANUARY 1, 2016

Net Position at January 1, 2016 has been restated to record Land and Loans Receivable that were previously not reported

Net Position reported at December 31, 2015	\$ 214,841
Land Acquired during 2015 Not Previously Reported	10,000
Loans Receivable Not Previously Reported	<u>38,090</u>
Restated Net Position at January 1, 2016	<u>\$ 262,931</u>



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

Community Improvement Corporation of Washington
Fayette County
105 N. Main Street
Washington Court House, OH 43160

To the Board of Directors:

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 Community Improvement Corporation of Washington, Fayette County, (the Corporation) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated December 5, 2018.

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 opinions 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 2017-001 to be 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*.

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 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

December 5, 2018

**COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON
FAYETTE COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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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 Corporation's financial statements at December 31, 2017:

Statement of Position:

- Cash and Cash Equivalents were overstated by \$25,059,
- Loans Receivable were understated by \$105,351,
- Land Held for Resale was understated by \$10,800,
- Net Position was understated by \$91,092.

Statement of Activities:

- Revenues were understated by \$936, Land Donation was not reported in the amount of \$10,800,
- Expenses were overstated by \$165,000,
- The statement did not report Net Position. Net Position at beginning of the year should have been reported in the amount of \$238,481; Net Position at the end of the year should have been reported in the amount of \$244,779.

Cash Flow Statement:

- A contribution from the City in the amount of \$150,000 and a Corporation donation to a Park District in the amount of \$150,000 were netted in Cash Flows From Operating Activities and should have been reported in the Cash Flows From Capital and Related Activities.

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

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

Statement of Position:

- Cash and Cash Equivalents were overstated by \$24,927,
- Loans Receivable were understated by \$12,539,
- Net Position was overstated by \$12,389.

Statement of Activities:

- Revenues were overstated by \$14,038,
- Expenses were overstated by \$1,824,
- The statement did not report Net Position. Net Position at beginning of the year should have been reported in the amount of \$262,931; Net Position at the end of the year should have been reported in the amount of \$238,481.

Cash Flow Statement:

- Proceeds from the Sale of Property in the amount of \$10,000 and Settlement Fees in the amount of \$395 were netted in Cash Flows From Operating Activities and should have been Reported in the Cash Flows From Investing Activities.

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 Corporation'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 correct these errors.

Officials' Response:

We did not receive a response from officials.



Dave Yost • Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON COURTHOUSE
FAYETTE 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 20, 2018**