

ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION

HAMILTON COUNTY



REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2022

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board Members
St. Bernard Community Improvement Corporation
110 Washington Avenue
St. Bernard, Ohio 45217

We have reviewed the *Independent Auditor's Report* of the St. Bernard Community Improvement Corporation, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2022 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The St. Bernard Community Improvement Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 26, 2023

This page intentionally left blank.

**ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION
HAMILTON COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2022**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	9
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	10
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	12
Notes to the Basic Financial Statements	13
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	21

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Bernard Community Improvement Corporation (the Corporation), a component unit of the Village of St. Bernard as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Corporation, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's 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.

Plattensburg & Associates, Inc.

Plattensburg & Associates, Inc.
Cincinnati, Ohio
June 7, 2023

The discussion and analysis of St. Bernard Community Improvement Corporation (the "CIC") financial performance provides an overall review of the CIC's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the CIC's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the CIC's financial performance.

Financial Highlights

- In total, net position decreased \$2,178, which represents a 0.01% decrease from 2021.
- Program specific revenues in the form of charges for services and sales and capital grants and contributions accounted for \$175,374 in revenues, while interest revenue accounted for \$4,714.
- The CIC had \$182,266 in expenses related to its activities, these expenses are offset by program specific charges for services.

Overview of Basic Financial Statements

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

The following tables represent the CIC's condensed financial information for 2022 and 2021 derived from the statement of net position and the statement of activities.

St. Bernard Community Improvement Corporation
Management's Discussion and Analysis
(Unaudited)
For The Year Ended December 31, 2022

	<u>2022</u>	<u>2021 Restated</u>
Assets:		
Cash and Cash Equivalents	\$463,744	\$477,978
Lease Receivable	134,041	177,843
Assets Held for Resale	<u>5,167,894</u>	<u>5,167,894</u>
Total Assets	<u><u>5,765,679</u></u>	<u><u>5,823,715</u></u>
Long-Term Liabilities:		
Due Within One Year	10,579	10,165
Due in More Than One Year	275,139	285,718
Total Liabilities	<u><u>285,718</u></u>	<u><u>295,883</u></u>
Deferred Inflows of Resources:		
Leases	132,150	177,843
Total Deferred Inflows of Resources	<u><u>132,150</u></u>	<u><u>177,843</u></u>
Net Position:		
Restricted	<u>5,347,811</u>	<u>5,349,989</u>
Total Net Position	<u><u>\$5,347,811</u></u>	<u><u>\$5,349,989</u></u>

The following table provides a comparison of the changes in net position for fiscal year 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Revenues		
Program Revenues		
Charges for Services and Sales	\$175,374	\$170,084
Capital Grants and Contributions	0	20,562
General Revenues		
Investment Earnings	<u>4,714</u>	<u>521</u>
Total Revenues	180,088	191,167
Expenses		
Program Expenses		
Community Environment	170,615	163,844
Interest and Other Charges	<u>11,651</u>	<u>4,973</u>
Total Expenses	<u>182,266</u>	<u>168,817</u>
Net Change in Net Position	(2,178)	22,350
Net Position - Beginning of Year, Restated	<u>5,349,989</u>	<u>5,327,639</u>
Net Position - End of Year	<u><u>\$5,347,811</u></u>	<u><u>\$5,349,989</u></u>

St. Bernard Community Improvement Corporation
Management's Discussion and Analysis
(Unaudited)
For The Year Ended December 31, 2022

Net Position decreased by \$2,178. The decrease in net position is due to decrease in Capital Grants and Contributions.

Assets Held for Resale

At the end of fiscal 2022 the CIC had \$5,167,894 invested in assets held for resale. The following table shows fiscal year 2022 and 2021 balances:

	<u>2022</u>	<u>2021</u>
Assets Held for Resale	\$5,167,894	\$5,167,894

Additional information on the CIC's assets held for resale can be found in Note 4.

Debt

At December 31, 2022, the CIC had \$285,718 in loans outstanding, \$10,579 due within one year. The following table summarizes the CIC's debt outstanding as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
First State Bank Loan	\$285,718	\$295,883
Total	<u>\$285,718</u>	<u>\$295,883</u>

Additional information on the CIC's long-term debt can be found in Note 5.

Economic Factors

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

Contact Information

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

St. Bernard Community Improvement Corporation
Statement of Net Position
December 31, 2022

	<u>Governmental Activities</u>
Assets:	
Cash and Cash Equivalents	\$463,744
Receivables (Net):	
Lease Receivable	134,041
Assets Held for Resale	<u>5,167,894</u>
 Total Assets	 <u>5,765,679</u>
Liabilities:	
Long-Term Liabilities:	
Due Within One Year - Loan	10,579
Due In More Than One Year Loan	<u>275,139</u>
 Total Liabilities	 <u>285,718</u>
Deferred Inflows of Resources:	
Leases	<u>132,150</u>
 Total Deferred Inflows of Resources	 <u>132,150</u>
Net Position:	
Restricted for Community Development	<u>5,347,811</u>
 Total Net Position	 <u><u>\$5,347,811</u></u>

See accompanying notes to the basic financial statements.

St. Bernard Community Improvement Corporation
Statement of Activities
For the Fiscal Year Ended December 31, 2022

	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services and Sales	Capital Grants and Contributions	and Changes in Net Position Governmental Activities
Governmental Activities:				
Community Environment	\$170,615	\$175,374	\$0	\$4,759
Interest and Other Charges	11,651	0	0	(11,651)
Totals	<u>\$182,266</u>	<u>\$175,374</u>	<u>\$0</u>	<u>(6,892)</u>
General Revenues:				
Investment Earnings				<u>4,714</u>
Total General Revenues				<u>4,714</u>
Change in Net Position				(2,178)
Net Position - Beginning of Year, Restated				<u>5,349,989</u>
Net Position - End of Year				<u><u>\$5,347,811</u></u>

See accompanying notes to the basic financial statements.

St. Bernard Community Improvement Corporation
Balance Sheet
Governmental Funds
December 31, 2022

	Community Improvement Corporation
Assets:	
Cash and Cash Equivalents	\$463,744
Receivables (Net):	
Lease Receivable	134,041
Assets Held for Resale	<u>5,167,894</u>
 Total Assets	 <u>5,765,679</u>
 Deferred Inflows of Resources:	
Leases	<u>132,150</u>
 Total Deferred Inflows of Resources	 <u>132,150</u>
 Fund Balances:	
Restricted	<u>5,633,529</u>
 Total Fund Balances	 <u>5,633,529</u>
 Total Liabilities and Fund Balances	 <u>\$5,765,679</u>

See accompanying notes to the basic financial statements.

St. Bernard Community Improvement Corporation
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
December 31, 2022

Total Governmental Fund Balance \$5,633,529

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

Long-term liabilities are not due and payable in the current
period and, therefore, are not reported in the funds.

Other Amounts (285,718)

Net Position of Governmental Activities \$5,347,811

See accompanying notes to the basic financial statements.

St. Bernard Community Improvement Corporation
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended December 31, 2022

	Community Improvement Corporation
Revenues:	
Charges for Services	\$175,374
Investment Earnings	<u>4,714</u>
Total Revenues	<u>180,088</u>
Expenditures:	
Community Environment	170,615
Debt Service:	
Principal	10,165
Interest and Other Charges	<u>11,651</u>
Total Expenditures	<u>192,431</u>
Net Change in Fund Balance	(12,343)
Fund Balance - Beginning of Year, Restated	<u>5,645,872</u>
Fund Balance - End of Year	<u><u>\$5,633,529</u></u>

See accompanying notes to the basic financial statements.

St. Bernard Community Improvement Corporation
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2022

Net Change in Fund Balance - Total Governmental Funds (12,343)

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

Repayment of bond principal is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net position.

10,165

Change in Net Position of Governmental Activities

(2,178)

See accompanying notes to the basic financial statements.

Note 1 - Summary of Significant Accounting Policies

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

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

The financial statements are presented as of December 31, 2022 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

Reporting Entity

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

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

Measurement Focus

The basic financial statements consist of government-wide statements, including a statement of Net Position and a statement of activity, and fund financial statements.

Government-wide Financial Statements

The government-wide statements are prepared using the economic resources measurement focus. All assets, liabilities associated with the operation of the CIC are included on the Statement of Net Position. The government-wide statement of activity presents a comparison between direct expenses and program revenues for the program of the CIC's governmental activities. Direct expenses are those that are specifically associated with the program and therefore clearly identifiable. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting operational or capital requirements of the program. Revenues which are not classified as program revenues are presented as general revenues of the CIC, with certain limited exceptions. The comparison of direct expenses with program revenues identifies whether the program is self-financing or draws from the general revenues of the CIC.

Fund Financial Statements

The governmental fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and in the presentation of expenses vs. expenditures.

Cash and Investments

Cash and cash equivalents include amounts in demand deposits.

Assets Held for Resale

According to GASB 72, Assets Held for Resale are recorded at acquisition value. The value of the asset is not adjusted for transaction costs even if those costs are separable.

Assets Held for Resale are defined by the CIC as assets with an initial, individual cost of more than \$1,000.

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

Leases

For 2022, GASB Statement No. 87, Leases was effective. The CIC is the lessor (as defined by GASB 87) in various leases related to buildings under noncancelable leases.

Fund Balances

Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the CIC to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Unassigned fund balance consists of amounts that have not been restricted for specific purposes within the CIC as well as negative fund balance.

Net position

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

Estimates

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

Note 2 – Cash, Cash Equivalents and Investments

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

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

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

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

- (1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- (2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan

marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

- (3) Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- (4) Interim deposits in eligible institutions applying for interim funds;
- (5) Bonds and other obligations of the State of Ohio;
- (6) No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- (7) The State Treasury Asset Reserve of Ohio (STAR Ohio).

Deposits

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

At year end the carrying amount of the CIC's deposits was \$463,744 and the bank balance was \$465,818. As of December 31, 2022, \$167,840 of the CIC's bank balance was exposed to custodial credit risk because it was uninsured.

Note 3 – Risk Management

The CIC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to agents and others; and natural disasters. The CIC carries commercial insurance, subject to certain limits and deductibles, to reduce the financial impact for claims arising from such matters. Claims have not exceeded this commercial coverage in any of the three preceding years.

St. Bernard Community Improvement Corporation
Notes to the Basic Financial Statements
For The Year Ended December 31, 2022

Note 4 – Assets Held For Resale

Summary by category of changes in assets held for resale at December 31, 2022:

	Beginning Balance	Additions	Deletions	Ending Balance
Assets Held for Resale	\$5,167,894	\$0	\$0	\$5,167,894

Note 5 – Long-Term Debt

A schedule of changes in long-term obligations of the CIC during the current year follows:

	Issue Date	Maturity Date	Interest Rate	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Bank Loan from Direct Borrowings:								
2021 First State Bank Loan	6/10/21	7/1/41	4.00%	\$295,883	\$0	(\$10,165)	\$285,718	\$10,579

The CIC's outstanding bank loan from direct borrowings of \$285,718 contains a provision that in an event of default, the amount of such default shall bear interest thereafter at the rate of 8% per annum until the date of payment, and outstanding amounts become immediately due. Also, the Lender may direct the county treasurer to pay the outstanding amount from portion of the local government fund that would otherwise be appropriated to the CIC.

The First State Bank Loan consists of a loan issued for the purchase of assets held for resale.

Principal and interest requirements to retire the CIC's Long-Term Liability outstanding at year end are as follows:

Year Ending December 31	Principal	Interest	Total
2023	10,579	11,236	21,815
2024	11,010	10,805	21,815
2025	11,459	10,357	21,816
2026	11,926	9,890	21,816
2027	12,411	9,403	21,814
2028-2032	70,067	39,010	109,077
2033-2037	85,551	23,525	109,076
2038-2041	72,715	5,457	78,172
Total	<u>\$285,718</u>	<u>\$119,683</u>	<u>\$405,401</u>

Note 6 – Lease – Lessor Disclosure

The CIC collectively (the “lessor”) entered into an agreement to lease certain space in the buildings at 4901 Vine Street and 4981 Vine Street to First State Bank and Ace Cash Express, Inc., respectively.

The lease for First State Bank was as follows:

<u>Lease Year</u>	<u>Annual Rent</u>	<u>Monthly Installments</u>
2023	\$30,380.00	\$2,532.00
2024	\$30,380.00	\$2,532.00
2025	\$30,380.00	\$2,532.00
2026	\$12,660.00	\$2,532.00

The lease for Ace Cash Express, Inc. was as follows:

<u>Lease Year</u>	<u>Annual Rent</u>	<u>Monthly Installments</u>
2023	\$17,554.66	\$1,462.89
2024	\$18,081.30	\$1,506.77

The CIC recognized \$45,693 in lease revenues and \$3,626 in interest revenues from lease activity for 2022.

These agreements may be cancelled with written notice at least 90 days before the end of the lease terms as described in the lease agreements.

Note 7 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June of 2021 while the national state of emergency continues. The impact on the Corporation’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 8 – Implementation of New Accounting Principles and Restatement of Net Position/Fund Balance

For fiscal year 2022, the CIC implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases and related guidance from (GASB) Implementation Guide No. 2019-3, GASB Statement No. 91, Conduit Debt Obligations, GASB Statement No. 93, Replacement of Interbank Offered Rates, and GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.

GASB Statement No. 87 sets out to improve the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the

St. Bernard Community Improvement Corporation
Notes to the Basic Financial Statements
For The Year Ended December 31, 2022

usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Effect on Previously Reported Fund Balance/Net Position The implementation of the GASB 87 pronouncement had no net effect on the fund balance/net position as reported at December 31, 2021:

	<u>CIC</u>
Fund Balance, December 31, 2021	\$5,645,872
Adjustments-Presentation Changes:	
Leases Receivable	177,843
Deferred Inflow-Leases	<u>(177,843)</u>
Restated Fund Balance, December 31, 2021	<u><u>\$5,645,872</u></u>
	<u>Governmental</u>
	<u>Activities</u>
Net Position, December 31, 2021	\$5,349,989
Adjustments-Presentation Changes:	
Leases Receivable	177,843
Deferred Inflow-Leases	<u>(177,843)</u>
Restated Net Position, December 31, 2021	<u><u>\$5,349,989</u></u>

The primary objectives of GASB Statement No. 91 are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the CIC.

The objective of GASB Statement No. 93 is to address that some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Also, Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate

on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable. Those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of *reference rate*, as it is used in Statement 53, as amended

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the CIC.

The primary objectives of GASB Statement No. 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the CIC.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the St. Bernard Community Improvement Corporation (the Corporation), a component unit of the Village of St. Bernard, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated June 7, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

June 7, 2023

OHIO AUDITOR OF STATE KEITH FABER



ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/6/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov