



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, Community Improvement Corporation (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 the Colerain Township, Hamilton County, CIC, Inc. (the CIC), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements which collectively comprise the CIC's basic financial statements as listed in the table of contents..

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing those risks of financial statement material misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the CIC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the CIC's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colerain Township, Hamilton County, CIC, Inc., as of December 31, 2015 and 2014, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2016, on our consideration of the CIC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CIC's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

August 30, 2016

Colerain Township, Hamilton County, CIC, Inc.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,

2015

2014

ASSETS

Current assets

Cash	\$ 7,665	\$ 13,675
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Property held for development

Purchase of 2879 Jonrose	51,000	51,000
Title services for purchase of 2879 Jonrose	4,257	4,257
Purchase of 2942 Banning	74,689	74,689
Title services for purchase of 2942 Banning	1,331	1,331

Total property held for development	131,277	131,277
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Total assets	\$ 138,942	\$ 144,952
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LIABILITIES AND NET ASSETS

Liabilities

Deposit held	\$ 1,000	\$ -
Loan payable - Colerain Township	360,000	360,000

Total liabilities	361,000	360,000
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Net assets (deficit)	(222,058)	(215,048)
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Total liabilities and net assets (deficit)	\$ 138,942	\$ 144,952
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Colerain Township, Hamilton County, CIC, Inc.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31,

2015

2014

	<u>\$</u>	<u>\$</u>
REVENUES	-	-
EXPENSES		
Program services economic development	-	215,000
Property taxes	3,714	-
Hamilton County recordation fee	38	-
Colerain Chamber sponsorship	3,000	-
Bank service charges	-	48
Miscellaneous	258	-
Total expenses	<u>7,010</u>	<u>215,048</u>
CHANGE IN NET ASSETS	(7,010)	(215,048)
Net assets beginning of year	<u>(215,048)</u>	<u>-</u>
Net assets (deficit) end of year	<u>\$ (222,058)</u>	<u>\$ (215,048)</u>

Colerain Township, Hamilton County, CIC, Inc.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

2015

2014

Cash flows from operating activities:		
(Decrease) Increase in net assets	<u>\$ (7,010)</u>	<u>\$ (215,048)</u>
Cash flows from investing activities:		
Purchase of property for development	<u>-</u>	<u>(131,277)</u>
Cash flows from financing activities:		
Loans payable - Colerain Township	-	360,000
Deposits held	<u>1,000</u>	<u>-</u>
Net cash provided by financing activities	<u>1,000</u>	<u>360,000</u>
Net increase (decrease) in cash	(6,010)	13,675
Cash and cash equivalents beginning of year	<u>13,675</u>	<u>-</u>
Cash and cash equivalents end of year	<u>7,665</u>	<u>13,675</u>

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Colerain Township, Hamilton County, CIC, Inc.
Notes To Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

A. 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.

B. Basis of accounting

The CIC has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America.

C. Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) 117, Financial Statements for Not-For-Profit organizations. Under SFAS No. 117 the CIC is required to report information regarding its financial position and activities according to three classes of net position: unrestricted net position, temporary restricted net position, and permanently restricted net position. At December 31, 2015 and 2014 the net position of CIC is negative as it relates to net assets.

D. Tax Exempt Status

The CIC is exempt from state income tax as a not-for-profit Ohio corporation under Ohio revised Code chapter 1724. the CIC is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3).

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Loans 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 the properties is completed to the developer the loan to Colerain Township will be repaid.

Note 3 - 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 the Colerain Township, Hamilton County, CIC, Inc., Hamilton County, Ohio (the CIC), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the CIC's basic financial statements and have issued our report thereon dated August 30, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 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*.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

August 30, 2016

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDING NUMBER 2015-001

Material Weakness

The Ohio Administrative Code Section 117-2-02 requires all local public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

The Colerain Township, Hamilton County, CIC, Inc. (CIC) presented 2015--2014 financial statements for audit with the following errors:

- Proceeds of a \$360,000 loan payable to Colerain Township were reported as a contribution/revenue on the Statement of Activities rather than a liability in the Statement of Financial Position for December 31, 2015 and December 31, 2014.
- Payments of \$131,277 for Land Held for Resale were reported as an expense in the Statement of Activities rather than an asset on the Statement of Financial Position as of December 31, 2015 and December 31, 2014.
- \$1,000 for a deposit towards the purchase of the Land Held For Resale was recorded as revenue in the Statement of Activities rather than a liability in the Statement of Financial Position as of December 31, 2015.
- The Statement of Cash Flows failed to report investing and financing activities related to the issues noted above.
- Net assets at December 31, 2015 and December 31, 2014 were overstated by \$229,723 and \$228,723, respectively.

The CIC revised the financial statements to accurately reflect the financial position and results of operations upon receipt of the correct information.

Failure to prepare accurate and complete financial statements reduces the ability of management to monitor the financial position and activity of the CIC.

We recommend management establish and implement procedures to ensure complete and accurate information is provided to the person or firm preparing the CIC financial statements and notes to the financial statements in order to prevent incomplete and inaccurate financial statements from being presented to the Board and to the public.

Officials' Response:

The Colerain Township Community Improvement Corporation (CIC) received our copy of the draft audit and it has been distributed to all officers of the CIC for review. Upon review and discussion, there was unanimous appreciation for your audit report and professional feedback relative to the fiscal management of the Corporation. We immediately initiated "action steps" to formalize the procedures associated with the Officer appointments by adding stand alone "Secretary" and "Treasurer" position responsibilities. This will result in the accounting of the Corporation's finances to be maintained by a professional with accounting expertise and will limit our future exposure to errors like those contained in the report.

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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
OCTOBER 6, 2016**