

ST. BERNARD COMMUNITY IMPROVEMENT CORPORATION

Hamilton County, Ohio



Basic Financial Statements

December 31, 2019

OHIO AUDITOR OF STATE
KEITH FABER



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

Members of the Board
St. Bernard Community Improvement Corporation
110 Washington Avenue
St. Bernard, OH 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, 2019 through December 31, 2019. 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

July 27, 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2019, 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.

Emphasis of Matter

As discussed in Note 7 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Corporation. We did not modify our opinion regarding this matter.

Other Matters

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, 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 29, 2020, 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 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 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 29, 2020

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, 2019. 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 \$82,365, which represents a 1.5% decrease from 2018.
- Program specific revenues in the form of charges for services and sales, and capital grants and contributions accounted for \$232,972 in revenues, while interest revenue accounted for \$7,443.
- The CIC had \$322,780 in expenses related to its activities, these expenses are offset by program specific charges for services, grants, or contributions.

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 2019 and 2018 derived from the statement of net position and the statement of activities.

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St. Bernard Community Improvement Corporation
Management's Discussion and Analysis
(Unaudited)
For The Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and Cash Equivalents	\$457,550	\$233,366
Forgiveable Loan Receivable	0	18,000
Assets Held for Resale	<u>4,911,783</u>	<u>5,218,332</u>
Total Assets	<u><u>5,369,333</u></u>	<u><u>5,469,698</u></u>
Liabilities:		
Advances from Village	0	18,000
Total Liabilities	<u><u>0</u></u>	<u><u>18,000</u></u>
Net Position:		
Restricted	<u>5,369,333</u>	<u>5,451,698</u>
Total Net Position	<u><u>\$5,369,333</u></u>	<u><u>\$5,451,698</u></u>

The following table provides a comparison of the changes in net position for fiscal year 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Revenues		
Program Revenues		
Charges for Services and Sales	\$161,542	\$167,103
Capital Grants and Contributions	71,430	156,737
General Revenues		
Investment Earnings	<u>7,443</u>	<u>2,719</u>
Total Revenues	240,415	326,559
Expenses		
Program Expenses		
Community Environment	<u>322,780</u>	<u>176,739</u>
Total Expenses	<u>322,780</u>	<u>176,739</u>
Net Change in Net Position	(82,365)	149,820
Net Position - Beginning of Year	<u>5,451,698</u>	<u>5,301,878</u>
Net Position - End of Year	<u><u>\$5,369,333</u></u>	<u><u>\$5,451,698</u></u>

Net Position decreased by \$82,365. The decrease in net position is partially due to capital contributions of assets held for resale.

St. Bernard Community Improvement Corporation
Management's Discussion and Analysis
(Unaudited)
For The Year Ended December 31, 2019

Assets Held for Resale

At the end of fiscal 2019 the CIC had \$4,911,783 invested in assets held for resale. The following table shows fiscal year 2019 and 2018 balances:

	<u>2019</u>	<u>2018</u>
Assets Held for Resale	\$4,911,783	\$5,218,332

The decrease in 2019 is due to the CIC selling properties. Additional information on the CIC's assets held for resale can be found in Note 4.

Debt

The Corporation had no debt at year end.

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, 2019

	<u>Governmental Activities</u>
Assets:	
Cash and Cash Equivalents	\$457,550
Assets Held for Resale	<u>4,911,783</u>
Total Assets	<u>5,369,333</u>
Net Position:	
Restricted for Community Development	<u>5,369,333</u>
Total Net Position	<u><u>\$5,369,333</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, 2019

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Capital Grants and Contributions	
Governmental Activities:				
Community Environment	\$322,780	\$161,542	\$71,430	(\$89,808)
Totals	<u>\$322,780</u>	<u>\$161,542</u>	<u>\$71,430</u>	<u>(89,808)</u>
General Revenues:				
Investment Earnings				7,443
Total General Revenues				<u>7,443</u>
Change in Net Position				(82,365)
Net Position - Beginning of Year				<u>5,451,698</u>
Net Position - End of Year				<u>\$5,369,333</u>

See accompanying notes to the basic financial statements.

St. Bernard Community Improvement Corporation
Balance Sheet
Governmental Funds
December 31, 2019

	<u>Community Improvement Corporation</u>
Assets:	
Cash and Cash Equivalents	\$457,550
Assets Held for Resale	<u>4,911,783</u>
Total Assets	<u>5,369,333</u>
Fund Balances:	
Restricted	<u>5,369,333</u>
Total Fund Balances	<u>5,369,333</u>
Total Liabilities and Fund Balances	<u>\$5,369,333</u>

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, 2019

	Community Improvement Corporation
Revenues:	
Charges for Services	\$161,542
Investment Earnings	<u>7,443</u>
Total Revenues	<u>168,985</u>
Expenditures:	
Community Environment	<u>322,780</u>
Total Expenditures	<u>322,780</u>
Excess of Revenues Over (Under) Expenditures	<u>(153,795)</u>
Other Financing Sources (Uses):	
Capital Contributions	<u>71,430</u>
Total Other Financing Sources (Uses)	<u>71,430</u>
Net Change in Fund Balance	(82,365)
Fund Balance - Beginning of Year	<u>5,451,698</u>
Fund Balance - End of Year	<u><u>\$5,369,333</u></u>

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, 2019 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.

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 \$457,550 and the bank balance was \$459,324. As of December 31, 2019, \$209,324 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, 2019

Note 4 – Assets Held For Resale

Summary by category of changes in assets held for resale at December 31, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance
Assets Held for Resale	\$5,218,332	\$72,030	\$378,579	\$4,911,783

Note 5 – Leases

The CIC is the lessor in four (4) separate operating leases all within the St. Bernard Square Shopping Center. Lease information is presented below:

Property	Property Carrying Value	Square Footage	Remaining Lease Term
St. Bernard Square Shopping Center:	\$2,400,000		
4961 Vine Street Simple Wireless		892	13 Months
4971 Vine Street Twins Group-PH LLC (Pizza Hut)		1,224	4 Months then Month to Month
4981 Vine Street Ace Cash Express, Inc.		1,530	Month to Month*
5009 Vine Street Family Dollar (Dollar General)		12,349	2 Years

*-New 5 year lease amendment was signed in January 2020

Future payments under the non-cancellable operating leases are as follows:

	Lease Payments
2020	\$116,398
2021	99,117
	<u>\$215,515</u>

Note 6 – Implementation of New Accounting Principles

For fiscal year 2019, the CIC has postponed implementation of Governmental Accounting Standards Board (GASB) Statement No. 83, Certain Asset Retirement Obligations, GASB No. 84, Fiduciary Activities, GASB No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, and GASB No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61. The CIC did not implement these statements due to the GASB postponing the implementation by 12 months because of the COVID-19 pandemic.

Note 7 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the CIC.

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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 8/11/2020

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