



OHIO AUDITOR OF STATE
KEITH FABER



**TROTWOOD COMMUNITY IMPROVEMENT CORPORATION
MONTGOMERY COUNTY
DECEMBER 31, 2020 AND 2019**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis For the Year Ended December 31, 2020	3
Basic Financial Statements:	
Statement of Net Position December 31, 2020	6
Statement of Revenues, Expenses and Changes in Net Position For the Year Ended December 31, 2020	7
Statement of Cash Flows For the Year Ended December 31, 2020	8
Notes to the Financial Statements For the Year Ended December 31, 2020	9
Management's Discussion and Analysis For the Year Ended December 31, 2019	13
Basic Financial Statements:	
Statement of Net Position December 31, 2019	16
Statement of Revenues, Expenses and Changes in Net Position For the Year Ended December 31, 2019	17
Statement of Cash Flows For the Year Ended December 31, 2019	18
Notes to the Financial Statements For the Year Ended December 31, 2019	19
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23
Prepared by Management:	
Summary Schedule of Prior Audit Findings	25

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INDEPENDENT AUDITOR'S REPORT

Trotwood Community Improvement Corporation
Montgomery County
3035 Olive Road
Trotwood, Ohio 45426

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Trotwood Community Improvement Corporation, Montgomery County, Ohio (the Corporation), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation'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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trotwood Community Improvement Corporation, as of December 31, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Notes 8 and 6 to the financial statements, for the years ended December 31, 2020, and 2019, respectively, the financial impact of COVID-19 and the continuing emergency measures may 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 this presentation to include *management's discussion and analysis* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021, 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.



Keith Faber
Auditor of State
Columbus, Ohio

November 10, 2021

Trotwood Community Improvement Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

This discussion and analysis, along with the accompanying financial report, of the Trotwood Community Improvement Corporation (the "Corporation") is designed to provide our creditors and other interested parties with a general overview of the Corporation and its financial activities.

Financial Highlights

The total net position of the Corporation on December 31, 2020 was \$1,866,452. The Corporation's net position on December 31, 2019 was \$2,275,114.

The Corporation had a loans payable of \$189,665 on December 31, 2020.

The Corporation had Real Estate Held for Resale \$1,891,266 on December 31, 2020.

Overview of Basic Financial Statements

The Corporation is a single enterprise fund using proprietary fund accounting, similar to private sector business. The Basic Financial Statements are presented using the accrual basis of accounting.

The Statement of Net Position includes all of the Corporation's Assets and Liabilities. This statement provides information about the nature and amounts of investments in resources (assets) owned by the Corporation, and obligations owed by the Corporation (liabilities). The Corporation's net position (equity) is the difference between assets and liabilities.

The Statement of Revenues, Expenses and Changes in Net Position provides information on the Corporation's operations over the past year. Revenues are reported when earned and expenses are reported when incurred.

The Statements of Cash Flows provides information about the Corporation's cash receipts and cash disbursements. It summarizes the net changes in cash resulting from operating, investing and financing activities.

Net Position

Table 1 summarizes the Net Position of the Corporation.

	2020	2019
Assets:		
Cash and Cash Equivalents	\$162,148	\$82,630
Receivables:		
Notes	2,703	0
Real Estate Held for Resale	1,891,266	2,416,131
Total Assets	<u>2,056,117</u>	<u>2,498,761</u>
Liabilities:		
Loans Payable	189,665	223,647
Total Liabilities	<u>189,665</u>	<u>223,647</u>
Net Position:		
Unrestricted	1,866,452	2,275,114
Total Net Position	<u><u>\$1,866,452</u></u>	<u><u>\$2,275,114</u></u>

From 2019 to 2020, loans payable decreased by \$33,982.

Trotwood Community Improvement Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 below summarizes the changes in revenues and expenses and the resulting change in net position.

	<u>2020</u>	<u>2019</u>
Operating Revenues:		
Contributions	\$0	\$11,682
Rent	7,000	8,600
Refund of Taxes and Penalty	0	1,995
Refund of Premiums	657	1,550
Miscellaneous	11,810	5,714
Total Operating Revenues	<u>19,467</u>	<u>29,541</u>
Operating Expenses:		
Real Estate Expenses	299,870	0
Professional and Consulting Fees	66,691	149,618
Bank Fees	686	20
Insurance	5,525	8,025
Materials and Supplies	892	3,458
Membership Dues	465	370
Total Operating Expenses	<u>374,129</u>	<u>161,491</u>
Operating Income (Loss)	(354,662)	(131,950)
Non-Operating (Expenses):		
Interest Income	325	587
Interest (Expense)	(5,123)	(5,076)
Fair Market Value Adjustment for Purchase of Real Estate	(296,559)	270,226
Gain (Loss) on Sale of Property	239,520	(284,505)
Total Non-Operating (Expenses)	<u>(61,837)</u>	<u>(18,768)</u>
Income (Loss) before Capital Contributions	(416,499)	(150,718)
Capital Contributions	<u>7,837</u>	<u>74,516</u>
Changes in Net Position	(408,662)	(76,202)
Net Position - Beginning of Year	<u>2,275,114</u>	<u>2,351,316</u>
Net Position - End of Year	<u><u>\$1,866,452</u></u>	<u><u>\$2,275,114</u></u>

Net Position decreased from 2019 to 2020 mainly due to an increase in real estate expenses.

Real Estate Held for Resale

Table 3 summarizes the Capital Assets and Real Estate Held for Resale of the Corporation.

	<u>2020</u>	<u>2019</u>
Real Estate Held for Resale	\$1,891,266	\$2,416,131

Real Estate Held for Resale had a decrease of \$524,865 from 2019 to 2020. For additional information regarding Real Estate Held for Resale, see note 4 of the notes to the basic financial statements.

Trotwood Community Improvement Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

Debt-Line of Credit

The Corporation had \$189,665 of loans payable at year end. For additional information regarding the loans payable, see note 5 of the notes to the financial statements.

Contact Information

Questions regarding this report and requests for additional information should be forwarded to Trotwood Community Improvement Corporation, 3035 Olive Road, Trotwood, Ohio 45426.

Trotwood Community Improvement Corporation
Statement of Net Position
December 31, 2020

Current Assets:	
Cash and Cash Equivalents	\$162,148
Receivables:	
Notes	<u>2,703</u>
Total Current Assets	<u>164,851</u>
Non-Current Assets:	
Real Estate Held for Resale	<u>1,891,266</u>
Total Assets	<u>2,056,117</u>
Liabilities:	
Loans Payable	<u>189,665</u>
Total Liabilities	<u>189,665</u>
Net Position:	
Unrestricted	<u>1,866,452</u>
Total Net Position	<u><u>\$1,866,452</u></u>

See accompanying notes to the financial statements.

Trotwood Community Improvement Corporation
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2020

Operating Revenues:	
Rent	\$7,000
Refund of Premiums	657
Miscellaneous	<u>11,810</u>
Total Operating Revenues	<u>19,467</u>
Operating Expenses:	
Real Estate Expenses	299,870
Professional and Consulting Fees	66,691
Bank Fees	686
Insurance	5,525
Materials and Supplies	892
Membership Dues	<u>465</u>
Total Operating Expenses	<u>374,129</u>
Operating Income (Loss)	<u>(354,662)</u>
Non-Operating Revenues (Expenses):	
Interest Income	325
Interest (Expense)	(5,123)
Fair Market Value Adjustment for Purchase of Real Estate	(296,559)
Gain (Loss) on Sale of Property	<u>239,520</u>
Total Non-Operating Revenues (Expenses)	<u>(61,837)</u>
Income (Loss) Before Contributions and Transfers	(416,499)
Capital Contributions	<u>7,837</u>
Change in Net Position	(408,662)
Net Position - Beginning of Year	<u>2,275,114</u>
Net Position - End of Year	<u><u>\$1,866,452</u></u>

See accompanying notes to the financial statements.

Trotwood Community Improvement Corporation
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash Flows from Operating Activities:	
Cash Received from Rent	\$7,000
Cash Received from Refund of Premiums	657
Other Operating Cash Receipts	9,107
Cash Payments for Real Estate Expenses	(299,870)
Cash Payments for Professional and Consulting Fees	(66,691)
Cash Payments for Insurance	(5,525)
Cash Payments for Materials and Supplies	(892)
Cash Payments for Membership Dues	(465)
Cash Payments for Bank Fees	(686)
Net Cash (Used) by Operating Activities	<u>(357,365)</u>
Cash Flows from Non-Capital and Related Financing Activities:	
Interest Payments	(5,123)
Loan Proceeds	144,880
Principal Payments	<u>(100,000)</u>
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>39,757</u>
Cash Flows from Investing Activities:	
Earnings on Investments	325
Payment for the Purchase of Property	(7,178)
Proceeds from the Sale of Property	<u>403,979</u>
Net Cash Provided Provided fom Investing Activities	<u>397,126</u>
Net Increase in Cash and Cash Equivalents	79,518
Cash and Cash Equivalents - Beginning of Year	<u>82,630</u>
Cash and Cash Equivalents - End of Year	<u><u>162,148</u></u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities	
Operating (Loss)	(354,662)
Adjustments:	
Changes in Assets and Liabilities:	
Increase (Decrease) in Receivables	<u>(2,703)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$357,365)</u></u>
<u>Schedule of Noncash Capital Activities:</u>	
During the fiscal year, these amounts were received representing noncash contributions of:	
Real Estate Held for Resale	<u><u>\$7,837</u></u>

See accompanying notes to the financial statements.

Trotwood Community Improvement Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Nature of Organization and Reporting Entity

The Trotwood Community Improvement Corporation, Montgomery County (the “Corporation”), a 501(c)3 nonprofit formed under Ohio Revised Code 1724, was formed for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial and civic development with the City of Trotwood. The relationship between the City of Trotwood and the Corporation is to promote development in the City. The financial statements of the Corporation are not material to the financial statements of the City of Trotwood.

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

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Corporation are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Corporation. For Trotwood Community Improvement Corporation, there are no other boards and agencies other than the Corporation. Component units are legally separate organizations for which the Corporation is financially accountable. The Corporation is financially accountable for an organization if the Corporation appoints a voting majority of the organization's governing board and (1) the Corporation is able to significantly influence the programs or services performed or provided by the organization; or (2) the Corporation is legally entitled to or can otherwise access the organization's resources; the Corporation is legally obligated to or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Corporation is obligated for the debt of the organization. Component units may also include organizations for which the Corporation approves the budget, the issuance of debt or levying of taxes. The Corporation has no component units.

Note 2 – Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in preparation of the accompanying financial statements is as follows:

Basis of Presentation

The financial statements of the Corporation have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) as applied to special-purpose governments.

The Corporation reports a single enterprise fund using proprietary fund accounting, similar to private sector business. The Basic Financial Statements are presented using the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

Measurement Focus and Basis of Accounting

The Corporation’s operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation are included on the statement of net position. The operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net position. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The Corporation uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

Trotwood Community Improvement Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2020

Tax Exempt Status

The Corporation is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code.

Real Estate Held for Resale

The Corporation, acting as a County Land Reutilization/Community Improvement Corporation utilizes the Tax Foreclosure process through the State of Ohio to acquire delinquent abandoned residential and commercial real estate. At the point of acquisition, the Corporation stabilizes these structures and prepares them for resale and redevelopment.

Real estate held for resale is measured at current fair market value, which approximates the Corporation's current asking price for the property. Real estate held for resale that is a gift is recorded at estimated fair market value at the date of gift, if donated.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents include all highly liquid investments with initial maturities of three months or less. The Corporation only had an interest bearing checking account and a savings account for December 31, 2020.

Operating Revenues and Expenses

Operating revenues are those that are generated directly from the primary activity of the Corporation. For the Corporation, these revenues are rental properties, refunds of taxes and penalties, City of Trotwood contributions and other miscellaneous revenue. Operating expenses are necessary cost incurred to provide the service that is the primary activity of the Corporation. All revenues and expenses not meeting this definition are reported as non-operating.

Recognition of Donations and Contributions

The Corporation reports gifts of cash and other assets at their estimated fair market value as of the date of contribution.

Estimates

Management uses estimates and assumptions in preparing the financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Corporation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Corporation applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. None of the Corporation's net position was restricted by enabling legislation.

Trotwood Community Improvement Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Deposits

The Corporation maintains its cash account in one Federal Credit Union in Ohio. Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. The Corporation's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2020, none of the Corporation's bank balance of \$162,148 was exposed to custodial risk because it was insured by the Federal Deposit Insurance Corporation.

Note 4 – Real Estate Held for Resale

Real Estate Held for Resale activity as of December 31, 2020 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Real Estate Held for Resale	\$2,416,131	\$72,540	\$597,405	\$1,891,266

The Corporation owns real estate held for resale with the intent to sell these properties in the near future. The total amount of real estate held for resale as of year-end was \$1,891,266.

Note 5 – Loans Payable

Originally, the Corporation entered into a line of credit (loan payable) agreement with County Corp in 2017 to finance acquisition, clean-out and security expenses for residential properties the Corporation acquires. The "line of credit" was approved for a total amount up to \$160,000 and the collateral on each individual property is paid back as each property is sold and returned to the revolving loan for continued use. As of July 2, 2019 the Corporation and County Corp entered into an agreement to amend the "Housing Program Revolving Loan." This amendment extended the term an additional two years, until July of 2021. Additionally, the amount available to the Corporation through the loan extended from \$160,000 to \$200,000. The interest rate increased from 4.00% per annum to 4.75% per annum. The Corporation will pay 4% interest each year on the loan balance they owe.

During 2019, the City of Trotwood approved an advance of \$100,000 to be provided to the Corporation for working capital needs. This advance is required to be repaid in full, with 2.5% interest within 90 days. However, there is the ability to extend the payback timeline an additional 90 days. This was paid back to the City of Trotwood in 2020.

As of year-end the loans payable amount was \$189,665.

	Beginning Balance	Addition	Deletion	Ending Balance
Loans Payable:				
County Corp	\$123,647	\$144,880	\$78,862	\$189,665
Loan from City	100,000	0	100,000	0
Total	<u>\$223,647</u>	<u>\$144,880</u>	<u>\$178,862</u>	<u>\$189,665</u>

Trotwood Community Improvement Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Notes Receivable

Notes receivable consists of the following as of December 31, 2020:

Mortgage note receivable of \$8,109 from William and Dianne Maunsell with interest rate of 2.5% per annum; payable in twelve monthly installments of \$675.73 through April 2021. This note shall be secured by a mortgage granting to Lender a security interest in the premises. The balance of the notes receivable at year-end was \$2,703.

Note 7 – Leases

During 2020, the Corporation had a monthly lease with HE Trucking for rental of a parking area located at 5200 Salem Ave., Trotwood, Ohio (behind the SEARS building). The Corporation received \$500 a month in rental income.

Note 8 – 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. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Corporation. In addition, the impact on the Corporation's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Corporation did not receive any Coronavirus Relief funds.

Trotwood Community Improvement Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

This discussion and analysis, along with the accompanying financial report, of the Trotwood Community Improvement Corporation (the "Corporation") is designed to provide our creditors and other interested parties with a general overview of the Corporation and its financial activities.

Financial Highlights

The total net position of the Corporation on December 31, 2019 was \$2,275,114. The Corporation's net position on December 31, 2018 was \$2,351,316.

The Corporation had a loans payable of \$223,647 on December 31, 2019.

The Corporation had Real Estate Held for Resale \$2,416,131 on December 31, 2019.

Overview of Basic Financial Statements

The Corporation is a single enterprise fund using proprietary fund accounting, similar to private sector business. The Basic Financial Statements are presented using the accrual basis of accounting.

The Statement of Net Position includes all of the Corporation's Assets and Liabilities. This statement provides information about the nature and amounts of investments in resources (assets) owned by the Corporation, and obligations owed by the Corporation (liabilities). The Corporation's net position (equity) is the difference between assets and liabilities.

The Statement of Revenues, Expenses and Changes in Net Position provides information on the Corporation's operations over the past year. Revenues are reported when earned and expenses are reported when incurred.

The Statements of Cash Flows provides information about the Corporation's cash receipts and cash disbursements. It summarizes the net changes in cash resulting from operating, investing and financing activities.

Net Position

Table 1 summarizes the Net Position of the Corporation.

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and Cash Equivalents	\$82,630	\$81,086
Real Estate Held for Resale	<u>2,416,131</u>	<u>2,405,620</u>
Total Assets	<u>2,498,761</u>	<u>2,486,706</u>
Liabilities:		
Loans Payable	<u>223,647</u>	<u>135,390</u>
Total Liabilities	<u>223,647</u>	<u>135,390</u>
Net Position:		
Unrestricted	<u>2,275,114</u>	<u>2,351,316</u>
Total Net Position	<u><u>\$2,275,114</u></u>	<u><u>\$2,351,316</u></u>

During 2019, loans payable increased by \$88,257.

Trotwood Community Improvement Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 below summarizes the changes in revenues and expenses and the resulting change in net position.

	<u>2019</u>	<u>2018</u>
Operating Revenues:		
Contributions	\$11,682	\$0
Rent	8,600	11,585
Refund of Taxes and Penalty	1,995	5,167
Refund of Premiums	1,550	0
Miscellaneous	5,714	1,874
Total Operating Revenues	<u>29,541</u>	<u>18,626</u>
Operating Expenses:		
Real Estate Expenses	0	86,180
Bank Fees	20	0
Professional and Consulting Fees	149,618	126,686
Insurance	8,025	6,215
Materials and Supplies	3,458	0
Membership Dues	370	370
Miscellaneous	0	2,569
Total Operating Expenses	<u>161,491</u>	<u>222,020</u>
Operating Income (Loss)	(131,950)	(203,394)
Non-Operating (Expenses):		
Interest Income	587	368
Interest (Expense)	(5,076)	(5,074)
Fair Market Value Adjustment for Purchase of Real Estate	270,226	470,479
Gain (Loss) on Sale of Property	<u>(284,505)</u>	<u>64,653</u>
Total Non-Operating (Expenses)	<u>(18,768)</u>	<u>530,426</u>
Income (Loss) before Capital Contributions	(150,718)	327,032
Capital Contributions	<u>74,516</u>	<u>0</u>
Changes in Net Position	(76,202)	327,032
Net Position - Beginning of Year	<u>2,351,316</u>	<u>2,024,284</u>
Net Position - End of Year	<u><u>\$2,275,114</u></u>	<u><u>\$2,351,316</u></u>

Net Position decreased mainly due to a loss of the sale of property during 2019.

Real Estate Held for Resale

Table 3 summarizes the Capital Assets and Real Estate Held for Resale of the Corporation.

	<u>2019</u>	<u>2018</u>
Real Estate Held for Resale	\$2,416,131	\$2,405,620

Real Estate Held for Resale had an increase of \$10,511 from 2018 to 2019. For additional information regarding Real Estate Held for Resale, see note 4 of the notes to the basic financial statements.

Trotwood Community Improvement Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Debt-Line of Credit

The Corporation had \$223,647 of loans payable at year end. For additional information regarding the loans payable, see note 5 of the notes to the financial statements.

Contact Information

Questions regarding this report and requests for additional information should be forwarded to Trotwood Community Improvement Corporation, 3035 Olive Road, Trotwood, Ohio 45426.

Trotwood Community Improvement Corporation
Statement of Net Position
December 31, 2019

Current Assets:	
Cash and Cash Equivalents	<u>\$82,630</u>
Non-Current Assets:	
Real Estate Held for Resale	<u>2,416,131</u>
Total Assets	<u>2,498,761</u>
Liabilities:	
Loans Payable	<u>223,647</u>
Total Liabilities	<u>223,647</u>
Net Position:	
Unrestricted	<u>2,275,114</u>
Total Net Position	<u><u>\$2,275,114</u></u>

See accompanying notes to the financial statements.

Trotwood Community Improvement Corporation
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2019

Operating Revenues:	
Contributions	\$11,682
Rent	8,600
Refund of Taxes and Penalty	1,995
Refund of Premiums	1,550
Miscellaneous	5,714
Total Operating Revenues	<u>29,541</u>
Operating Expenses:	
Professional and Consulting Fees	149,618
Bank Fees	20
Insurance	8,025
Materials and Supplies	3,458
Membership Dues	370
Total Operating Expenses	<u>161,491</u>
Operating Income (Loss)	<u>(131,950)</u>
Non-Operating Revenues (Expenses):	
Interest Income	587
Interest (Expense)	(5,076)
Fair Market Value Adjustment for Purchase of Real Estate	270,226
Gain (Loss) on Sale of Property	(284,505)
Total Non-Operating Revenues (Expenses)	<u>(18,768)</u>
Income (Loss) Before Contributions and Transfers	(150,718)
Capital Contributions	<u>74,516</u>
Change in Net Position	(76,202)
Net Position - Beginning of Year	<u>2,351,316</u>
Net Position - End of Year	<u><u>\$2,275,114</u></u>

See accompanying notes to the financial statements.

Trotwood Community Improvement Corporation
Statement of Cash Flows
For the Year Ended December 31, 2019

Cash Flows from Operating Activities:	
Cash Received from Contributions	\$11,682
Cash Received from Rent	8,600
Cash Received from Refund of Premiums	1,550
Cash Received from Refund of Taxes and Penalty	1,995
Other Operating Cash Receipts	5,714
Cash Payments for Professional and Consulting Fees	(149,618)
Cash Payments for Insurance	(8,025)
Cash Payments for Materials and Supplies	(3,458)
Cash Payments for Membership Dues	(370)
Cash Payments for Bank Fees	(20)
Net Cash (Used) by Operating Activities	<u>(131,950)</u>
Cash Flows from Non-Capital and Related Financing Activities:	
Interest Payments	(5,076)
Loan Proceeds	183,128
Principal Payments	<u>(94,871)</u>
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>83,181</u>
Cash Flows from Investing Activities:	
Earnings on Investments	587
Payment for the Purchase of Property	(233,040)
Proceeds from the Sale of Property	<u>282,766</u>
Net Cash Provided Provided fom Investing Activities	<u>50,313</u>
Net Increase in Cash and Cash Equivalents	1,544
Cash and Cash Equivalents - Beginning of Year	<u>81,086</u>
Cash and Cash Equivalents - End of Year	<u><u>82,630</u></u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities	
Operating (Loss)	<u>(131,950)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$131,950)</u></u>
<u>Schedule of Noncash Capital Activities:</u>	
During the fiscal year, these amounts were received representing noncash contributions of:	
Real Estate Held for Resale	<u>\$74,516</u>

See accompanying notes to the financial statements.

Trotwood Community Improvement Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Nature of Organization and Reporting Entity

The Trotwood Community Improvement Corporation, Montgomery County (the “Corporation”), a 501(c)3 nonprofit formed under Ohio Revised Code 1724, was formed for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial and civic development with the City of Trotwood. The relationship between the City of Trotwood and the Corporation is to promote development in the City. The financial statements of the Corporation are not material to the financial statements of the City of Trotwood.

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

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Corporation are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Corporation. For Trotwood Community Improvement Corporation, there are no other boards and agencies other than the Corporation. Component units are legally separate organizations for which the Corporation is financially accountable. The Corporation is financially accountable for an organization if the Corporation appoints a voting majority of the organization's governing board and (1) the Corporation is able to significantly influence the programs or services performed or provided by the organization; or (2) the Corporation is legally entitled to or can otherwise access the organization's resources; the Corporation is legally obligated to or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Corporation is obligated for the debt of the organization. Component units may also include organizations for which the Corporation approves the budget, the issuance of debt or levying of taxes. The Corporation has no component units.

Note 2 – Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in preparation of the accompanying financial statements is as follows:

Basis of Presentation

The financial statements of the Corporation have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) as applied to special-purpose governments.

The Corporation reports a single enterprise fund using proprietary fund accounting, similar to private sector business. The Basic Financial Statements are presented using the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

Measurement Focus and Basis of Accounting

The Corporation’s operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation are included on the statement of net position. The operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net position. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The Corporation uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

Trotwood Community Improvement Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2019

Tax Exempt Status

The Corporation is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code.

Real Estate Held for Resale

The Corporation, acting as a County Land Reutilization/Community Improvement Corporation utilizes the Tax Foreclosure process through the State of Ohio to acquire delinquent abandoned residential and commercial real estate. At the point of acquisition, the Corporation stabilizes these structures and prepares them for resale and redevelopment.

Real estate held for resale is measured at current fair market value, which approximates the Corporation's current asking price for the property. Real estate held for resale that is a gift is recorded at estimated fair market value at the date of gift, if donated.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents include all highly liquid investments with initial maturities of three months or less. The Corporation only had an interest bearing checking account and a savings account for December 31, 2019.

Operating Revenues and Expenses

Operating revenues are those that are generated directly from the primary activity of the Corporation. For the Corporation, these revenues are rental properties, refunds of taxes and penalties, City of Trotwood contributions and other miscellaneous revenue. Operating expenses are necessary cost incurred to provide the service that is the primary activity of the Corporation. All revenues and expenses not meeting this definition are reported as non-operating.

Recognition of Donations and Contributions

The Corporation reports gifts of cash and other assets at their estimated fair market value as of the date of contribution.

Estimates

Management uses estimates and assumptions in preparing the financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Corporation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Corporation applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. None of the Corporation's net position was restricted by enabling legislation.

Trotwood Community Improvement Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Deposits

The Corporation maintains its cash account in one Federal Credit Union in Ohio. Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. The Corporation's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2019, none of the Corporation's bank balance of \$82,630 was exposed to custodial risk because it was insured by the Federal Deposit Insurance Corporation.

Note 4 – Real Estate Held for Resale

Real Estate Held for Resale activity as of December 31, 2019 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Real Estate Held for Resale	\$2,405,620	\$478,082	\$467,571	\$2,416,131

The Corporation owns real estate held for resale with the intent to sell these properties in the near future. The total amount of real estate held for resale as of year-end was \$2,416,131.

Note 5 – Loans Payable

Originally, the Corporation entered into a line of credit (loan payable) agreement with County Corp in 2017 to finance acquisition, clean-out and security expenses for residential properties the Corporation acquires. The "line of credit" was approved for a total amount up to \$160,000 and the collateral on each individual property is paid back as each property is sold and returned to the revolving loan for continued use. As of July 2, 2019 the Corporation and County Corp entered into an agreement to amend the "Housing Program Revolving Loan." This amendment extended the term an additional two years, until July of 2021. Additionally, the amount available to the Corporation through the loan extended from \$160,000 to \$200,000. The interest rate increased from 4.00% per annum to 4.75% per annum. The Corporation will pay 4% interest each year on the loan balance they owe.

During 2019, the City of Trotwood approved an advance of \$100,000 to be provided to the Corporation for working capital needs. This advance is required to be repaid in full, with 2.5% interest within 90 days. However, there is the ability to extend the payback timeline an additional 90 days.

As of year-end the loans payable amount was \$223,647.

	Beginning Balance	Addition	Deletion	Ending Balance
Loans Payable:				
County Corp	\$135,390	\$83,128	\$94,871	\$123,647
Loan from City	0	100,000	0	100,000
Total	<u>\$135,390</u>	<u>\$183,128</u>	<u>\$94,871</u>	<u>\$223,647</u>

Trotwood Community Improvement Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 – Subsequent Events

On or about May 1, 2020 the Corporation repaid the advance used for working capital needs of \$100,000 and \$882 in interest expense to the City of Trotwood.

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 continuing emergency measures may impact subsequent periods of the Corporation. In addition, the impact on the Corporation's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.



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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**

Trotwood Community Improvement Corporation
Montgomery County
3035 Olive Road
Trotwood, Ohio 45426

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 Trotwood Community Improvement Corporation, Montgomery County, (the Corporation) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated November 10, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Corporation.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 financial statements. 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.



Keith Faber
Auditor of State
Columbus, Ohio

November 10, 2021



TROTWOOD COMMUNITY IMPROVEMENT CORPORATION

Quincy Pope, Chairperson
Mayor Mary McDonald, Co-Chairperson
Chris Peoples, Secretary/Treasurer
Chad Downing, Executive Director

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TROTWOOD
GROWING TOGETHER

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Various errors were noted in the financial statements.	Fully Corrected	

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OHIO AUDITOR OF STATE KEITH FABER



TROTWOOD COMMUNITY IMPROVEMENT CORPORATION

MONTGOMERY 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 12/9/2021

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