



OHIO AUDITOR OF STATE
KEITH FABER



**COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON
FAYETTE COUNTY
DECEMBER 31, 2023 AND 2022**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Community Improvement Corporation of Washington, Fayette County, Ohio (Corporation), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Community Improvement Corporation of Washington, Fayette County, Ohio as of December 31, 2023 and 2022, and the changes in financial position and cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2025, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Keith Faber". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Keith Faber
Auditor of State
Columbus, Ohio
March 10, 2025

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COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2023

This discussion and analysis of the Community Improvement Corporation of Washington's (the Corporation) financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Corporation's financial performance.

Financial Highlights

Key highlights for 2023:

- The Corporation ended the year with a net position balance of \$311,204. This represents a decrease of \$115,354 from December 31, 2022's net position balance of \$426,558.
- The Corporation received \$37,472 in loan collections during the year, and increased its allowance for doubtful accounts by \$16,157, decreasing its loans receivable to \$87,400, and earned \$3,240 in loan interest income.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Corporation's financial activities and financial position. The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of the Corporation, including all short-term and long-term financial resources and obligations.

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included in the Statement of Net Position. The Statement of Net Position represents the financial position of the Corporation. The Statement of Revenues, Expenses and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The Statement of Cash Flows reflects how the Corporation finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided on the basic financial statements.

These financial statements look at all financial transactions and ask the question, "How did we do financially?" These statements provide answers to that question. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position include all assets, liabilities, revenues and expenses of the Corporation using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid.

COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio Management's Discussion and Analysis For the Year Ended December 31, 2023

These two statements report the Corporation's net position and the changes in net position. The change in net position is important because it tells the reader whether the financial position of the Corporation has improved or diminished. However, in evaluating this position, non-financial information such as occupancy will also need to be evaluated. The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Corporation, assets and net position were as of December 31, 2023.

The following table provides a summary of the Corporation's net position at December 31, 2023 and 2022:

Table 1
Net Position

	2023	2022
<i>Assets</i>		
Current and other assets	\$ 223,148	\$ 286,540
Capital assets, net	88,056	141,284
<i>Total assets</i>	311,204	427,824
<i>Liabilities</i>		
Current liabilities	-	1,266
<i>Net position</i>		
Investment in capital assets	88,056	141,284
Unrestricted	223,148	285,274
<i>Total net position</i>	\$ 311,204	\$ 426,558

As discussed in Note 4 to the financial statements, the Corporation provides loans to local businesses for community and economic development purposes. These loans are issued with interest rates ranging from 0 to 5 percent and have maturities ranging from three to ten years. During 2023, the Corporation did not issue any new loans, received \$37,472 in loan principal payments, and increased its allowance for doubtful accounts by \$16,157 resulting in loans receivable balance at December 31, 2023 of \$87,400.

At the end of the year, the Corporation has an ending net position balance of \$311,204, of which \$223,148 is unrestricted and may be used to meet ongoing obligations and invest in community and economic development activities. Investment in capital assets of \$88,056 is comprised of golf carts and mowers and clubhouse improvements, net of accumulated depreciation. These capital assets are used in the operation of the golf course and, accordingly, are not available for future spending.

COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023

The following table provides a summary of the changes in the Corporation's net position for the years ended December 31, 2023 and 2022:

Table 2
Changes in Net Position

	2023	2022
<i>Operating revenues</i>		
Dues	\$ 6,325	\$ 6,375
Charges for services	<u>—</u>	<u>10,201</u>
<i>Total operating revenues</i>	<u>6,325</u>	<u>16,576</u>
<i>Operating expenses</i>		
Golf course	43,115	39,114
Depreciation	62,177	61,581
Other operating expenses	<u>19,627</u>	<u>27,439</u>
<i>Total operating expenses</i>	<u>124,919</u>	<u>128,134</u>
<i>Operating income (loss)</i>	(118,594)	(111,558)
<i>Nonoperating revenues</i>		
City golf course contributions	-	125,000
County golf course contributions	-	125,000
Miscellaneous	-	700
Interest earnings	<u>3,240</u>	<u>2,565</u>
<i>Total nonoperating revenues</i>	<u>3,240</u>	<u>253,265</u>
<i>Change in net position</i>	(115,354)	141,707
<i>Net position, beginning of year</i>	<u>426,558</u>	<u>284,851</u>
<i>Net position, end of year</i>	<u><u>\$ 311,204</u></u>	<u><u>\$ 426,558</u></u>

During 2023, the Corporation's net position decreased by \$115,354. Although operating expenses were relatively unchanged from the prior year, the decrease in net position was due to one-time City and County golf course contributions received in 2022 related to assuming control of the local golf course. See Note 8 for additional information.

COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio

Management's Discussion and Analysis
For the Year Ended December 31, 2023

Capital Assets and Debt Administration

During 2023, the Corporation purchased HVAC equipment for the clubhouse. The value of the Corporation's capital assets as of December 31, 2023 was \$88,056, net of accumulated depreciation. See Note 6 for additional information.

As of December 31, 2023 and 2022, the Corporation had no outstanding debt issued in its name.

Economic Factors and Future Trends

The Corporation will continue to look for community and economic development opportunities through the use of low-cost loans and other tools at its disposal.

Requests for Information

This financial report is designed to provide our citizens, customers, taxpayers, creditors, investors and elected officials with an overview of the Corporation's finances and to show accountability for the money it receives. If you have any questions about this report or need additional information, contact the Corporation at 105 North Main Street, Washington Court House, Ohio 43160.

COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio

Statement of Net Position

December 31, 2023

Assets

Current assets:

Cash	\$ 124,948
Land held for resale	10,800
Loans receivable, net	<u>25,535</u>
Total current assets	<u>161,283</u>

Long-term assets:

Loans receivable, net	61,865
Capital assets - equipment, net	<u>88,056</u>
Total long-term assets	<u>149,921</u>

Total assets	<u>311,204</u>
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Net position

Investment in capital assets	88,056
Unrestricted	<u>223,148</u>
Total net position	<u>\$ 311,204</u>

See accompanying notes to the financial statements.

COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended December 31, 2023

Operating revenue:

Dues	\$ 6,325
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Operating expenses:

Professional fees	2,679
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Insurance	791
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Golf course	43,115
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Depreciation	62,177
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Provision for loans	<u>16,157</u>
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Total operating expenses	<u>124,919</u>
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Operating loss	(118,594)
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Non-operating revenue:

Interest earnings	<u>3,240</u>
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Change in net position	(115,354)
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Net position-beginning of year	<u>426,558</u>
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Net position-end of year	<u><u>\$ 311,204</u></u>
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See accompanying notes to the financial statements.

COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio

Statement of Cash Flows

For the Year Ended December 31, 2023

Cash flows from operating activities

Cash receipts from operations	\$ 6,325
Cash receipts from loan repayments	37,472
Cash payments for operating expenses	<u>(47,851)</u>
Net cash flows from operating activities	<u>(4,054)</u>

Cash flows from capital and related activities

Acquisition of equipment	<u>(8,949)</u>
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Cash flows from investing activities

Interest earnings	<u>3,240</u>
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Net decrease in cash and cash equivalents (9,763)

Cash-beginning of year 134,711

Cash-end of year \$ 124,948

Reconciliation of operating loss to net cash from operating activities:

Operating loss	\$ (118,594)
Depreciation expense	62,177
Provision for loans	16,157
Adjustments to reconcile operating loss to net cash from operating activities:	
Change in loans receivable	37,472
Change in accounts payable	<u>(1,266)</u>
Net cash flows from operating activities	<u><u>\$ (4,054)</u></u>

See accompanying notes to the financial statements.

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COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 1—DESCRIPTION OF THE ENTITY

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

The Corporation is governed by a Board of Trustees composed of: four members appointed by the City of Washington Court House; four members appointed by the Fayette County Board of County Commissioners; and five members at-large voted by the Board of Trustees.

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

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

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

Basis of Presentation

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

Capital Assets

Capital assets are tangible and intangible assets with an initial, individual historical cost of more than \$4,500 and an estimated useful life of two years or more. Donated capital assets are recorded as acquisition value at the date of donation. The equipment is depreciated using the straight-line method over three years for used golf carts, five years for used mowers and fifteen years for clubhouse improvements.

Operating Revenue and Expenses

Operating revenue consists primarily of dues for providing services and fees for facilitating transfers of land parcels. Operating expenses include the cost of providing these services, including administrative expenses. Non-operating revenue and expenses are all revenue and expenses not meeting the definition of operating revenue and expenses.

COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

Net position represents the difference between assets and liabilities and is comprised of two components: investment in capital assets and unrestricted. Investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding debt attributable to the acquisition, construction or improvement of those assets, as applicable. The residual difference between assets and liabilities is reported as unrestricted net position.

NOTE 3—CASH

At December 31, 2023, the carrying amount and bank balance of the Corporation's deposits was \$124,948. Based on criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2023, the entire bank balance was covered by the Federal Deposit Insurance Corporation.

NOTE 4—RECEIVABLES

Loans receivable represent low-interest loans made by the Corporation for the purpose of financing community development. The loans bear interest at annual rates ranging from 0% to 5% and have repayment requirements ranging from 3 to 10 years. The allowance for doubtful accounts was increased by \$16,157 during 2023 to \$40,157. Loans receivable at December 31, 2023 were comprised of the following:

Good Dog Groomery	\$ 16,391
Salty Broads Patio	15,150
Hixon Towing, LLC	5,676
Alexis Rosado	16,157
Smoking and Barrel	24,000
Vinyl Coffee, LLC	20,388
Calm Spa	4,795
Heritage Meats	<u>25,000</u>
Subtotal	127,557
Less: allowance for doubtful accounts	<u>(40,157)</u>
Loans Receivable, net	<u><u>\$ 87,400</u></u>

NOTE 5—RISK MANAGEMENT

The Corporation has obtained commercial insurance for property (buildings and equipment) and general liability. There have been no claims filed in the last three years.

COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 6—CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u>
Equipment	\$ 202,865	\$ 8,949	\$ -	\$ 211,814
Less: accumulated depreciation	<u>(61,581)</u>	<u>(62,177)</u>	<u>-</u>	<u>(123,758)</u>
	<u>\$ 141,284</u>	<u>\$ (53,228)</u>	<u>\$ -</u>	<u>\$ 88,056</u>

NOTE 7—CONTRIBUTION TO PARK BOARD

On May 22, 2017, the Corporation entered into an agreement with the City of Washington Court House (the City) and Fayette County (the County) to develop newly acquired greenspace for the purpose of park and recreational activity. Under the agreement, the County purchased the land and the City agreed to contribute \$150,000 to the Corporation. The Corporation agreed to issue an interest-free, ten-year promissory note in the amount of \$100,000 to the newly created Fayette County Park Board (the Park Board). Additionally, the Corporation agreed to donate \$150,000 to the Park Board. The promissory note was paid off by the Park Board during 2022 as part of the commercial lease entered into during 2022 (see Note 8).

The agreement includes a reversionary clause stating that if the 79 acres ceases to be maintained and operated as a golf course or greenspace for the purpose of parks and recreational activity, then the property will revert back to the Corporation and the Corporation will reimburse the County \$150,000. Further, the Corporation agreed to repay the City \$150,000 upon reversion of the property to the Corporation.

NOTE 8—GOLF COURSE OPERATIONS

During 2022, the Corporation assumed control of the local golf course. On March 10, 2022, the Corporation entered into a ten-year commercial lease agreement to lease the golf course facilities from the Park Board at an annual rental rate of \$1. Additionally, the Park Board agreed to repay the outstanding \$100,000 promissory note by March 15, 2022. This lease may be renewed for another ten years upon mutual agreement of the parties. This lease may also be terminated by either part by written notice of termination by September 30th of each year.

The County and the City provided \$128,000 each in 2022 to help finance this undertaking. The Corporation utilized these funds to pay outstanding past-due bills, purchase required golf course-related equipment from the previous owners, and perform repairs and improvements needed for the golf facilities to be operational.

COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

NOTE 8—GOLF COURSE OPERATIONS (continued)

To oversee the day-to-day operations, the Corporation entered into a ten-year sublease with the Fayette County Golf LLC (the LLC). Annual rent is comprised of a percentage of tiered net income as follows:

- 10% of any amount of net income over \$100,000 in the first year;
- One-half of the first \$25,000 of net income and 10% of any net income over \$125,000 in the second year; and
- One-half of the first \$50,000 of net income and 10% of net income over \$150,000 thereafter.

Renewal of the lease is contingent upon the Corporation's ability to renew its commercial lease with the Park Board. This lease may also be terminated by either part by written notice of termination by December 31st of each year.

Additionally, the Corporation will be entitled to a share of the net golf cart rental fees (gross golf cart rental fees less gas, repair and other related costs). After the Corporation has been paid in full for its purchase of the golf carts, the parties will divide net golf cart rental fees, with 30% to the Corporation and 70% to the LLC. The agreement is currently being revised, but has not been finalized at the date of this report.

The Corporation did not receive any lease income during 2023.

While the lease with the LLC meets the definition of a lease under Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, the variable payments to be received are based on future performance, and thus not measurable.

COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio Management's Discussion and Analysis For the Year Ended December 31, 2022

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

Financial Highlights

Key highlights for 2022:

- The Corporation ended the year with a net position balance of \$426,558. This represents an increase of \$141,707 from December 31, 2021's net position balance of \$284,851.
- The Corporation issued \$62,000 in new loans and received \$129,326 in loan collections during the year, decreasing its loans receivable to \$141,029, and earned \$2,565 in loan interest income.
- During 2022, the Corporation assumed control of a local golf course by entering into a lease agreement to lease the golf course from the Fayette County Park Board (the Park Board) and entering into another agreement with a local company to operate the golf course.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Corporation's financial activities and financial position. The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of the Corporation, including all short-term and long-term financial resources and obligations.

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included in the Statement of Net Position. The Statement of Net Position represents the financial position of the Corporation. The Statement of Revenues, Expenses and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The Statement of Cash Flows reflects how the Corporation finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided on the basic financial statements.

These financial statements look at all financial transactions and ask the question, "How did we do financially?" These statements provide answers to that question. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position include all assets, liabilities, revenues and expenses of the Corporation using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid.

COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022

These two statements report the Corporation's net position and the changes in net position. The change in net position is important because it tells the reader whether the financial position of the Corporation has improved or diminished. However, in evaluating this position, non-financial information such as occupancy will also need to be evaluated. The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Corporation, assets and net position were as of December 31, 2022.

The following table provides a summary of the Corporation's net position for the years ended December 31, 2022 and 2021:

Table 1
Net Position

	2022	2021
<i>Assets</i>		
Current and other assets	\$ 286,540	\$ 284,851
Capital assets, net	141,284	-
<i>Total assets</i>	<u>427,824</u>	<u>284,851</u>
<i>Liabilities</i>		
Current liabilities	1,266	-
<i>Net position</i>		
Investment in capital assets	141,284	-
Unrestricted	285,274	284,851
<i>Total net position</i>	<u>\$ 426,558</u>	<u>\$ 284,851</u>

As discussed in Note 4 to the financial statements, the Corporation provides loans to local businesses for community and economic development purposes. These loans are issued with interest rates ranging from 0 to 5 percent and have maturities ranging from three to ten years. During 2022, the Corporation issued \$62,000 in three new loans and received \$129,326 in loan principal payments, resulting in loans receivable balance at December 31, 2022 of \$141,029.

As discussed in Note 8 to the financial statements, the Corporation assumed control over the local golf course with a lease from the Park Board. As part of the process, the Corporation received contributions from Fayette County (the County) and the City of Washington Court House (the City) to make necessary repairs and improvements to golf course facilities and to purchase golf course-related equipment from the previous owners. The capital asset balance of \$141,284 represents the purchase of golf carts and mowers, net of accumulated depreciation.

COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2022

At the end of the year, the Corporation has an ending net position balance of \$426,558, of which \$285,274 is unrestricted and may be used to meet ongoing obligations and invest in community and economic development activities. Investment in capital assets of \$141,284 is comprised of golf carts and mowers, net of accumulated depreciation. These capital assets are used in the operation of the golf course and, accordingly, are not available for future spending.

The following table provides a summary of the changes in the Corporation's net position for the years ended December 31, 2022 and 2021:

Table 2
Changes in Net Position

	<u>2022</u>	<u>2021</u>
<i>Operating revenues</i>		
Dues	\$ 6,375	\$ 6,375
Charges for services	<u>10,201</u>	<u>10,345</u>
<i>Total operating revenues</i>	<u>16,576</u>	<u>16,720</u>
<i>Operating expenses</i>		
Golf course	39,114	-
Depreciation	61,581	-
Other operating expenses	<u>27,439</u>	<u>2,061</u>
<i>Total operating expenses</i>	<u>128,134</u>	<u>2,061</u>
<i>Operating income (loss)</i>	(111,558)	14,659
<i>Nonoperating revenues</i>		
City golf course contributions	125,000	-
County golf course contributions	125,000	-
Miscellaneous	700	-
Interest earnings	<u>2,565</u>	<u>1,057</u>
<i>Total nonoperating revenues</i>	<u>253,265</u>	<u>1,057</u>
<i>Change in net position</i>	141,707	15,716
<i>Net position, beginning of year</i>	<u>284,851</u>	<u>269,135</u>
<i>Net position, end of year</i>	<u><u>\$ 426,558</u></u>	<u><u>\$ 284,851</u></u>

During 2022, the Corporation's net position increased by \$141,707. The increase in activity during 2022 was primarily driven by the golf course activity previously discussed that included repairs and maintenance, purchasing equipment and bringing outstanding bills current. These efforts were funded by contributions from the County and the City. See Note 8 for additional information.

COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio

Management's Discussion and Analysis
For the Year Ended December 31, 2022

Capital Assets and Debt Administration

During 2022, the Corporation purchased golf carts and mowers for \$202,865. The value of these capital assets as of December 31, 2022 was \$141,284, net of accumulated depreciation. See Note 6 for additional information.

As of December 31, 2022 and 2021, the Corporation had no outstanding debt issued in its name.

Economic Factors and Future Trends

The Corporation will continue to look for community and economic development opportunities through the use of low-cost loans and other tools at its disposal.

Requests for Information

This financial report is designed to provide our citizens, customers, taxpayers, creditors, investors and elected officials with an overview of the Corporation's finances and to show accountability for the money it receives. If you have any questions about this report or need additional information, contact the Corporation at 105 North Main Street, Washington Court House, Ohio 43160.

COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio

Statement of Net Position

December 31, 2022

Assets

Current assets:

Cash	\$ 134,711
Land held for resale	10,800
Loans receivable, net	<u>30,366</u>
Total current assets	<u>175,877</u>

Long-term assets:

Loans receivable, net	110,663
Capital assets - equipment, net	<u>141,284</u>
Total long-term assets	<u>251,947</u>

Total assets	<u>427,824</u>
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Liabilities

Accounts payable	<u>1,266</u>
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Net position

Investment in capital assets	141,284
Unrestricted	<u>285,274</u>
Total net position	<u><u>\$ 426,558</u></u>

See accompanying notes to the financial statements.

COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended December 31, 2022

Operating revenue:

Dues	\$ 6,375
Charges for services	<u>10,201</u>
Total operating revenue	<u>16,576</u>

Operating expenses:

Community Action	1,011
Professional fees	2,043
Insurance	374
Golf course	39,114
Depreciation	61,581
Miscellaneous	<u>24,011</u>
Total operating expenses	<u>128,134</u>

Operating loss	(111,558)
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Non-operating revenue:

City golf course contributions	125,000
County golf course contributions	125,000
Miscellaneous	700
Interest earnings	<u>2,565</u>
Total non-operating revenue	<u>253,265</u>

Change in net position	141,707
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Net position-beginning of year	<u>284,851</u>
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Net position-end of year	<u><u>\$ 426,558</u></u>
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See accompanying notes to the financial statements.

COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio

Statement of Cash Flows

For the Year Ended December 31, 2022

Cash flows from operating activities

Cash receipts from operations	\$ 16,576
Cash receipts from loan repayments	129,326
Cash payments for loan issuance	(62,000)
Cash payments for operating expenses	<u>(41,287)</u>
Net cash flows from operating activities	<u>42,615</u>

Cash flows from noncapital and related activities

City golf course contributions	125,000
County golf course contributions	125,000
Miscellaneous	<u>700</u>
Net cash flows from noncapital and related activities	<u>250,700</u>

Cash flows from capital and related activities

Acquisition of equipment	<u>(202,865)</u>
Net cash flows from capital and related activities	<u>(202,865)</u>

Cash flows from investing activities

Interest earnings	<u>2,565</u>
Net increase in cash and cash equivalents	93,015
Cash-beginning of year	<u>41,696</u>
Cash-end of year	<u><u>\$ 134,711</u></u>

Reconciliation of operating loss to net cash from operating activities:

Operating loss	\$ (111,558)
Depreciation expense	61,581
Adjustments to reconcile operating loss to net cash from operating activities:	
Change in loans receivable	91,326
Change in accounts payable	<u>1,266</u>
Net cash flows from operating activities	<u><u>\$ 42,615</u></u>

See accompanying notes to the financial statements.

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COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

NOTE 1—DESCRIPTION OF THE ENTITY

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

The Corporation is governed by a Board of Trustees composed of: four members appointed by the City of Washington Court House; four members appointed by the Fayette County Board of County Commissioners; and five members at-large voted by the Board of Trustees.

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

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

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

Basis of Presentation

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

Capital Assets

Capital assets are tangible and intangible assets with an initial, individual historical cost of more than \$4,500 and an estimated useful life of two years or more. Donated capital assets are recorded as acquisition value at the date of donation. The equipment is depreciated using the straight-line method over three years for the used golf carts and five years for the used mowers.

Operating Revenue and Expenses

Operating revenue consists primarily of dues for providing services and fees for facilitating transfers of land parcels. Operating expenses include the cost of providing these services, including administrative expenses. Non-operating revenue and expenses are all revenue and expenses not meeting the definition of operating revenue and expenses.

COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

Net position represents the difference between assets and liabilities and is comprised of two components: investment in capital assets and unrestricted. Investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding debt attributable to the acquisition, construction or improvement of those assets, as applicable. The residual difference between assets and liabilities is reported as unrestricted net position.

NOTE 3—CASH

At December 31, 2022, the carrying amount and bank balance of the Corporation's deposits was \$134,711, respectively. Based on criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2022, the entire bank balance was covered by the Federal Deposit Insurance Corporation.

NOTE 4—RECEIVABLES

Loans receivable represent low-interest loans made by the Corporation for the purpose of financing community development. The loans bear interest at annual rates ranging from 0% to 5% and have repayment requirements ranging from 3 to 10 years. An allowance for doubtful accounts was established at \$24,000 during 2022. Loans receivable at December 31, 2022 were comprised of the following:

Good Dog Groomery	\$ 19,479
Salty Broads Patio	17,253
Hixon Towing, LLC	12,364
Alexis Rosado	16,157
Smoking and Barrel	24,000
Vinyl Coffee, LLC	22,717
Calm Spa	9,100
Vagabond Salon	18,959
Heritage Meats	<u>25,000</u>
Subtotal	165,029
Less: allowance for doubtful accounts	<u>(24,000)</u>
Loans Receivable, net	<u>\$ 141,029</u>

NOTE 5—RISK MANAGEMENT

The Corporation has obtained commercial insurance for property (buildings and equipment) and general liability. There have been no claims filed in the last three years.

COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

NOTE 6—CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u>
Equipment	\$ -	\$ 202,865	\$ -	\$ 202,865
Less: accumulated depreciation	-	(61,581)	-	(61,581)
	<u>\$ -</u>	<u>\$ 141,284</u>	<u>\$ -</u>	<u>\$ 141,284</u>

NOTE 7—CONTRIBUTION TO PARK BOARD

On May 22, 2017, the Corporation entered into an agreement with the City of Washington Court House (the City) and Fayette County (the County) to develop newly acquired greenspace for the purpose of park and recreational activity. Under the agreement, the County purchased the land and the City agreed to contribute \$150,000 to the Corporation. The Corporation agreed to issue an interest-free, ten-year promissory note in the amount of \$100,000 to the newly created Fayette County Park Board (the Park Board). Additionally, the Corporation agreed to donate \$150,000 to the Park Board. The promissory note was paid off by the Park Board during 2022 as part of the commercial lease entered into during 2022 (see Note 8).

The agreement includes a reversionary clause stating that if the 79 acres ceases to be maintained and operated as a golf course or greenspace for the purpose of parks and recreational activity, then the property will revert back to the Corporation and the Corporation will reimburse the County \$150,000. Further, the Corporation agreed to repay the City \$150,000 upon reversion of the property to the Corporation.

NOTE 8—GOLF COURSE OPERATIONS

During 2022, the Corporation assumed control of the local golf course. On March 10, 2022, the Corporation entered into a ten-year commercial lease agreement to lease the golf course facilities from the Park Board at an annual rental rate of \$1. Additionally, the Park Board agreed to repay the outstanding \$100,000 promissory note by March 15, 2022. This lease may be renewed for another ten years upon mutual agreement of the parties. This lease may also be terminated by either part by written notice of termination by September 30th of each year.

Both the County and the City agreed to provide \$125,000 each to help finance this undertaking. The Corporation utilized these funds to pay outstanding past-due bills, purchase required golf course-related equipment from the previous owners, and perform repairs and improvements needed for the golf facilities to be operational.

COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON

Fayette County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

NOTE 8—GOLF COURSE OPERATIONS (continued)

To oversee the day-to-day operations, the Corporation entered into a ten-year sublease with the Fayette County Golf LLC (the LLC). Annual rent is comprised of a percentage of tiered net income as follows:

- 10% of any amount of net income over \$100,000 in the first year;
- One-half of the first \$25,000 of net income and 10% of any net income over \$125,000 in the second year; and
- One-half of the first \$50,000 of net income and 10% of net income over \$150,000 thereafter.

Renewal of the lease is contingent upon the Corporation's ability to renew its commercial lease with the Park Board. This lease may also be terminated by either part by written notice of termination by December 31st of each year.

Additionally, the Corporation will be entitled to a share of the net golf cart rental fees (gross golf cart rental fees less gas, repair and other related costs). After the Corporation has been paid in full for its purchase of the golf carts, the parties will divide net golf cart rental fees, with 30% to the Corporation and 70% to the LLC.

The Corporation did not receive any lease income during 2022.

NOTE 9—CHANGE IN ACCOUNTING PRINCIPLE

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, and related guidance became effective for 2022. This Statement revised lease guidance by establishing a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, lessees are required to recognize a lease liability and an intangible right-to-use asset and lessors are required to recognize a lease receivable and a deferred inflow of resources.

The implementation of GASB Statement No. 87 and related guidance did not have an effect on beginning net position of the City as previously reported. The Corporation entered into two lease agreements during 2022. However, the lease with the Park Board did not meet the definition of a lease under GASB Statement No. 87, due to not being an exchange or exchange-like transaction. Additionally, while the lease with the LLC met the definition of a lease under GASB Statement No. 87, the variable payments to be received are based on future performance, and thus not measurable.

OHIO AUDITOR OF STATE KEITH FABER

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

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

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Community Improvement Corporation of Washington, Fayette County, (the Corporation) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated March 10, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio
March 10, 2025

**COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON
FAYETTE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2023-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Due to deficiencies in the Corporation's financial statement monitoring and review process, the following conditions were noted in relation to the Corporation's accounting system and financial report:

- City golf course contributions were overstated by \$3,000; County golf course contributions were overstated by \$3,000; and Dues were understated by \$6,000 due to incorrectly classifying dues paid as golf course contributions.

Management agreed to this adjustment and the Corporation corrected the financial statements and accounting records, where appropriate.

The Corporation also made immaterial errors in financial reporting in the Statement of Receipts, Disbursements, and Changes in Fund Balances in the amount of \$700 in 2022.

Failure to accurately post and report transactions could result in material errors in the Corporation's financial statements and reduces the Corporation's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the Corporation.

The Corporation should establish and implement internal controls to ensure financial transactions are accurately recorded and reported.

Officials' Response:

We did not receive a response from Officials to this finding.

OHIO AUDITOR OF STATE KEITH FABER



**COMMUNITY IMPROVEMENT CORPORATION OF WASHINGTON COURTHOUSE, OHIO
FAYETTE 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 4/1/2025

65 East State 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