

Hillsboro Community Improvement Corporation
(A Component Unit of the City of Hillsboro)
Highland County
Basic Financial Statements
For the Year Ended December 31, 2023



Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

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Hillsboro Community Improvement Corporation
(A Component Unit of the City of Hillsboro)

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For the Year Ended December 31, 2023

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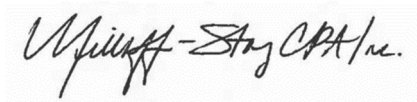


Independent Accountant's Compilation Report

Board of Directors
Hillsboro Community Improvement Corporation
130 N. High Street
Hillsboro, Ohio 45133

Management is responsible for the accompanying financial statements of the Hillsboro Community Improvement Corporation, a component unit of the City of Hillsboro, as of and for the year ended December 31, 2023, which collectively comprise the Corporation's basic financial statements as listed in the table of contents, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America requires that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the responsibility of management. The information was subjected to our compilation engagement; however, we have not audited or reviewed the information and do not express an opinion, a conclusion, nor provide any assurance on such information.



Millhuff-Stang CPA, Inc.
Chillicothe, Ohio

April 8, 2024

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Hillsboro Community Improvement Corporation
(A Component Unit of the City of Hillsboro)
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

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

Financial Highlights

Key financial highlights for 2023 are as follows:

- At December 31, 2023, the CIC's assets exceeded its liabilities by \$185,664.
- During 2023, the CIC had operating revenues of \$75,000, operating expenses of \$2,466, nonoperating revenues \$28,797, and nonoperating expenses of \$7,808. The total change in net position for the year was an increase of \$93,523.

Using These Basic 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 CIC's financial activities. The statement of net position and statement of revenues, expenses and change in net position provide information about the activities of the CIC, including all short-term and long-term financial resources and obligations.

Reporting the CIC's Financial Activities

Statement of Net Position; Statement of Revenues, Expenses, and Change in Net Position; and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during 2023?" The statement of net position and the statement of revenues, expenses and change in net position answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the CIC's net position and changes in net position. This change in net position is important because it tells the reader that, for the CIC as a whole, the financial position of the CIC has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

The statement of cash flows provides information about how the CIC finances and meets the cash flow needs of its operations.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Hillsboro Community Improvement Corporation
(A Component Unit of the City of Hillsboro)
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

The table below provides a summary of the CIC's net position at December 31, 2023 and 2022.

Table 1
Net Position

	2023	2022
Assets		
Current Assets	\$185,664	\$92,141
Total Assets	185,664	92,141
Net Position		
Restricted	75,000	0
Unrestricted	110,664	92,141
Total Net Position	\$185,664	\$92,141

The CIC's assets increased \$93,523 due primarily to an unspent revitalization contributions and proceeds from the sale of properties. The CIC's unrestricted net position of \$110,664 may be used to meet the CIC's ongoing obligations. The CIC also had restricted net position of \$75,000, which is restricted for revitalization efforts for the property contributed by the City of Hillsboro in 2023.

The table below shows the changes in net position for the years ended December 31, 2023 and 2022.

Table 2
Change in Net Position

	2023	2022
Operating Revenues		
Intergovernmental	\$75,000	\$0
Operating Expenses		
Office Expenses	32	0
Supplies	0	229
Property Taxes and Other Expenses on Donated Property	0	108
Insurance	132	0
Audit and Accounting Fees	1,902	0
Legal Services	400	0
Total Operating Expenses	2,466	337
Operating Income (Loss)	72,534	(337)
Nonoperating Revenues (Expenses)		
Donated Property from City of Hillsboro	28,000	56,600
Gain (Loss) on Sale of Donated Property	(7,011)	0
Total Nonoperating Revenues (Expenses)	20,989	56,600
Change in Net Position	93,523	56,263
Net Position, Beginning of Year	92,141	35,878
Net Position, End of Year	\$185,664	\$92,141

Hillsboro Community Improvement Corporation
(A Component Unit of the City of Hillsboro)
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

The CIC relies primarily on the sale of property that is donated from the City of Hillsboro in addition to contributed funds received. The CIC's operating revenues for the year consisted of contributed provided by the City of Hillsboro for revitalization programs. All revenues of the CIC for the year consisted of financial contributions and contributions of property from the City. During the year, the CIC had expenses associated with maintaining these properties, including insurance and property taxes, which are added to the value of those properties when incurred, and recognized gains and losses on the sale of some of these properties. The CIC also had general operating expenses, the most significant of which was audit and accounting fees.

Capital Assets

At December 31, 2023, the CIC had no capital assets.

Debt Obligations

At December 31, 2023, the CIC did not have any long-term debt obligations outstanding.

Current Financial Related Activities

The CIC is reliant upon donations of property and the sale of such property as their primary source of income to support operations. The City contributed cash funding to the CIC during 2021 in the amount of \$5,000 and transferred three parcels of property to the CIC with a fair value of \$60,200 during 2021. These properties were sold in 2021. Three additional parcels of property were transferred to the CIC during 2022. Two of these properties were sold in 2023. One additional parcel of property was transferred to the CIC during 2023. The City contributed cash funding during 2023 in the amount of \$74,999.99 for the purpose of revitalization and economic development upgrades to an existing property owned by the CIC. The City also donated Market Sheds to the CIC for future events. The rental income from the market sheds will be utilized for economic development purposes.

The CIC is the City of Hillsboro's agent for industrial and commercial distributions and research development. The purpose of the CIC is to advance, encourage, and promote industrial, economic, commercial and civic development of the City of Hillsboro.

Contacting the CIC's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the CIC's finances and to show the CIC's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Lauren Walker, Statutory Agent, Hillsboro Community Improvement Corporation, 130 North High Street, Hillsboro, Ohio, 45133.

Hillsboro Community Improvement Corporation
(A Component Unit of the City of Hillsboro)

Statement of Net Position
December 31, 2023

Assets

Cash	\$141,241
Property Held for Resale	<u>44,423</u>

Total Assets 185,664

Net Position

Restricted For:	
Revitalization Programs	75,000
Unrestricted	<u>110,664</u>

Total Net Position \$185,664

See the accompanying notes to the basic financial statements.
See independent accountant's compilation report.

Hillsboro Community Improvement Corporation
(A Component Unit of the City of Hillsboro)
Statement of Revenues, Expenses, and Change in Net Position
For the Year Ended December 31, 2023

Operating Revenues

Revitalization Program Contributions	\$75,000
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<i>Total Operating Revenues</i>	75,000
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Operating Expenses

Office Expenses	32
Insurance	132
Audit and Accounting Fees	1,902
Legal Services	400

<i>Total Operating Expenses</i>	2,466
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<i>Operating Income</i>	72,534
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Nonoperating Revenues (Expenses)

Donated Property from City of Hillsboro	28,000
Gain on Sale of Donated Property	797
Loss on Sale of Donated Property	(7,808)

<i>Total Nonoperating Revenues (Expenses)</i>	20,989
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<i>Change in Net Position</i>	93,523
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<i>Net Position, Beginning of Year</i>	92,141
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<i>Net Position, End of Year</i>	\$185,664
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See the accompanying notes to the basic financial statements.
See independent accountant's compilation report.

Hillsboro Community Improvement Corporation
(A Component Unit of the City of Hillsboro)

Statement of Cash Flows
For the Year Ended December 31, 2023

Cash Flows from Operating Activities

Contributions from the City of Hillsboro	\$75,000
Cash Payments for Operations	<u>(2,466)</u>

<i>Net Cash Provided for Operating Activities</i>	72,534
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Cash Flows from Noncapital Financing Activities

Cash Received from Sale of Donated Property	34,659
Cash Payments for Expenses of Donated Properties	<u>(1,493)</u>

<i>Net Cash Provided for Operating Activities</i>	<u>33,166</u>
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<i>Net Change in Cash</i>	105,700
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<i>Cash, Beginning of Year</i>	<u>35,541</u>
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<i>Cash, End of Year</i>	<u><u>\$141,241</u></u>
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Reconciliation of Operating Income to Net Cash Provided for Operating Activities

Operating Income	<u>\$72,534</u>
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<i>Net Cash Provided for Operating Activities</i>	<u><u>\$72,534</u></u>
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See the accompanying notes to the basic financial statements.
See independent accountant's compilation report.

Hillsboro Community Improvement Corporation
(A Component Unit of the City of Hillsboro)

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

Note 1 – Description of the Reporting Entity

The Hillsboro Community Improvement Corporation (the CIC) was formed pursuant to Ordinance 2021-01 passed February 2, 2021 and incorporated as a not-for-profit corporation under Chapter 1724 of the Ohio Revised Code for the purpose to advance, encourage, and promote industrial, economic, commercial and civic development of the City of Hillsboro (the City). The CIC has been designated as the City's agent for industrial and commercial distributions and research and development.

The Board of Directors (the Board) is to be comprised of six members. All six of the Board members are elected or appointed officials of the City of Hillsboro. All Board members are appointed by the Mayor of the City of Hillsboro with approval of Hillsboro City Council.

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, "The Financial Reporting Entity," and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus," the City's primary government and basic financial statements include component units which are defined as legally separate organizations for which the City is financially accountable. Financial accountability is defined as the appointment of a voting majority of the organization's board and either 1) the City's ability to impose its will over the organization, or 2) the possibility that the organization will provide a financial benefit or impose a financial burden to the City. The CIC is a legally separate entity and effective for fiscal year 2021, the CIC is reported by the City as a discretely presented component unit in the City's basic financial statements. The CIC does not have any component units and does not include any other organizations in its presentation. The CIC's management believes these basic financial statements present all activities for which the CIC is financially accountable.

Note 2 – Summary of Significant Accounting Principles

The basic financial statements of the CIC have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The CIC's significant accounting policies are described below.

Basis of Accounting

The basic financial statements of the CIC are prepared using the accrual basis of accounting in conformity with GAAP.

Basis of Presentation

The CIC's basic financial statements consist of a statement of net position, a statement of revenues, expenses, and change in net position, and a statement of cash flows.

The CIC distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the CIC's principal ongoing operation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Federal Income Tax

The CIC is exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code.

Hillsboro Community Improvement Corporation
(A Component Unit of the City of Hillsboro)

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, all cash in the CIC's checking account are considered to be cash and cash equivalents. All monies received by the CIC are deposited in this demand deposit account.

Property Held for Resale

Property held for resale represents properties purchased by or donated to the CIC. These properties are valued based upon the fair value of each property plus any costs of maintenance, rehabilitation, or demolition of structures on the properties. The CIC holds the properties until they are either sold or transferred to a private purchaser, non-profit, or public end-user. Properties may be merged with adjacent parcels for development or green space projects, or the CIC may sell other lots to the owners of adjacent parcels for a nominal cost. Once the properties are sold or titled back to the community, the CIC recognizes the accumulated expenses on the operating statement.

Accrued Liabilities

The CIC recognizes expenses due, but unpaid as of December 31, 2023. The CIC did not have any accrued liabilities as of December 31, 2023.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. At December 31, 2023, the CIC did not have any capital assets or debt.

Net position is reported as restricted when there are limitations imposed on the use of resources either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The CIC applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Estimates

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

Note 3 – Deposits

At December 31, 2023, the carrying amount of the CIC's deposits was \$141,241 and the bank balance was \$141,241. The entire bank balance was covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk is the risk that, in the event of bank failure, the CIC will not be able to recover deposits or collateral securities that are in the possession of an outside party. The CIC has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the CIC and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. The OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2023, the CIC did not have deposits in excess of FDIC coverage.

Hillsboro Community Improvement Corporation
(A Component Unit of the City of Hillsboro)
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 4 – Development Agreement

The CIC has entered into an agreement with the City, for which, among other things, the City may convey lands and interests in lands owned by the City and determined by City Council from time to time not to be required by the City for its purposes to the CIC and the CIC may acquire land and interests in land from others and conveyance of such land or interests in land will promote the welfare of the people of the political subdivision, stabilize the economy, provide employment, assist in the development of industrial, commercial, distribution, and research activities to the benefit of the people of the City, or provide additional opportunities for their gainful employment.

Note 5 – Related Party Transactions

During 2023, the CIC received \$28,000 in contributions of property from the City of Hillsboro. This amount has been reported as nonoperating revenue in the CIC's financial statements. The CIC also received \$75,000 in contributions for the revitalization of 108 Governor Trimble Place, Hillsboro, Ohio.

Note 6 – Inventory Held for Future Distribution

The City of Hillsboro has contributed land parcels with a fair value of \$28,000. The property acquired was not used by the CIC in its operations but is intended to be subsequently sold to provide funds for future development. The CIC also added value to the properties of \$1,493 for costs incurred to improve and maintain the properties. The following is a schedule of activity related to land held for future distribution:

	Balance 12/31/22	Additions	Disposals	Balance 12/31/23
City of Hillsboro	\$56,600	\$29,493	(\$41,670)	\$44,423

Note 7 – Litigation

The CIC is involved in no material litigation as either plaintiff or defendant.

Note 8 – Risk Management

The CIC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For 2023, the CIC contracted with Heskett Insurance Agency, Inc. for general liability and terrorism coverage. There have been no settled claims since the inception of the CIC.