

RIVERSIDE COMMUNITY IMPROVEMENT CORPORATION  
(A Component Unit of the City of Riverside)

MONTGOMERY COUNTY, OHIO

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2005

**BALESTRA, HARR & SCHERER, CPAs, INC.**

528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

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Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Riverside Community Improvement Corporation  
1791 Harshman Road  
Riverside, Ohio 45424

We have reviewed the *Independent Auditors' Report* of the Riverside Community Improvement Corporation, Montgomery County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Riverside Community Improvement Corporation is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

April 17, 2007

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RIVERSIDE COMMUNITY IMPROVEMENT CORPORATION  
MONTGOMERY COUNTY, OHIO  
FOR THE YEAR ENDED DECEMBER 31, 2005

TABLE OF CONTENTS

| Title   | Page |
|---|------|
| Independent Auditors' Report .....  | 1    |
| Management's Discussion and Analysis .....  | 2    |
| Statement of Financial Position – For the Year Ended December 31, 2005.....   | 4    |
| Statement of Activities and Changes in Net Assets – For the Year Ended December 31, 2005.....   | 5    |
| Statement of Cash Flows – For the Year Ended December 31, 2005.....   | 6    |
| Notes to the Financial Statements.....  | 7    |
| Report on Internal Control Over Financial Reporting and on Compliance and<br>Other Matters Based on an Audit of Financial Statements Performed in<br>Accordance with <i>Government Auditing Standards</i> ..... | 9    |

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditors' Report

Riverside Community Improvement Corporation  
Montgomery County  
1791 Harshman Road  
Riverside, Ohio 45424

To the Board of Trustees:

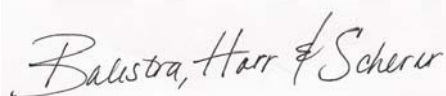
We have audited the accompanying statement of financial position of the Riverside Community Improvement Corporation, Montgomery County, which is a component unit of the City of Riverside, as of December 31, 2005, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Riverside Community Improvement Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Riverside Community Improvement Corporation, as of December 31, 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2006 on our consideration of the Community Improvement Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Note 4 to the basic financial statements, the Corporation implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.



Balestra, Harr & Scherer  
September 30, 2006

**Riverside Community Improvement Corporation**

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2005*

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This discussion and analysis, along with the accompanying financial report, of the Riverside 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 assets of the Corporation equaled liabilities on December 31, 2005. The Corporation's net assets remained at \$0 on December 31, 2005.

The Corporation's revenues increased by \$14,857 (674%) in 2005. The Corporation's expenses increased by \$14,857 (674%) in 2005.

The Corporation issued no additional long term debt in 2005.

**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 Financial 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 assets (equity) are the difference between assets and liabilities.

The **Statement of Activities** 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** provide 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 ASSETS**

Table 1 summarizes the Net Assets of the Corporation.

|                             | TABLE 1    |            |             |
|-----------------------------|------------|------------|-------------|
|                             | 2005       | 2004       | Change      |
| Real Estate Held for Resale | \$ 109,941 | \$ 120,380 | \$ (10,439) |
| Total Assets                | 109,941    | 120,380    | (10,439)    |
|                             |            |            |             |
| Loan Payable                | 109,941    | 120,380    | (10,439)    |
| Total Liabilities           | 109,941    | 120,380    | (10,439)    |
|                             |            |            |             |
| Unrestricted Net Assets     | -          | -          | -           |
| Total Net Assets            | \$ -       | \$ -       | \$ -        |

The Corporation's Net Assets remained at \$0 for 2005.



**Riverside Community Improvement Corporation**

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2005*

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

Table 2 below summarizes the changes in Revenues and Expenses and the resulting change in Net Assets.

Table 2

|                                 | 2005      | 2004     | Difference |
|---------------------------------|-----------|----------|------------|
| Operating Revenues              | \$ 17,060 | \$ 2,203 | \$ 14,857  |
| Total Operating Revenues        | 17,060    | 2,203    | 14,857     |
| Professional Services           | 17,060    | 2,203    | 14,857     |
| Total Operating Expenses        | 17,060    | 2,203    | 14,857     |
| Changes in Net Assets           | -         | -        | -          |
| Net Assets at Beginning of Year | -         | -        | -          |
| Net Assets at End of Year       | \$ -      | \$ -     | \$ -       |

Revenues increased by \$14,857 (674%). Increased revenues were a result of real estate sales.

Expenses increased by \$14,857 (674%). Increased expenses were a result of debt retirements.

**CAPITAL ASSETS**

The Corporation had \$109,941 invested in Capital Assets.

TABLE 3

|                      | 2005      | 2004      | Change     |
|----------------------|-----------|-----------|------------|
| Land                 | \$109,941 | \$120,380 | (\$10,439) |
| Total Capital Assets | \$109,941 | \$120,380 | (\$10,439) |

The decrease in capital assets for 2005 was in Land. The decrease in capital assets was due to land sales.

For additional information regarding capital assets, please see Note 2 of the *Notes to Basic Financial Statements*.

**DEBT**

The Corporation issues long term debt to finance much of its construction.

Table 4

|                        | 2005      | 2004      | Change     |
|------------------------|-----------|-----------|------------|
| City of Riverside Loan | \$109,941 | \$120,380 | (\$10,439) |
| Total Long Term Debt   | \$109,941 | \$120,380 | (\$10,439) |

The decrease in debt for 2005 was due to debt payments in the amount of revenue received from land sales.

For additional information regarding debt, please see Note 3 of the *Notes to Basic Financial Statements*.

**CONTACT INFORMATION**

Questions regarding this report and requests for additional information should be forwarded to Charles Jones, City Manager, City of Riverside, 1791 Harshman Road, Riverside, Ohio 45424.

**RIVERSIDE COMMUNITY IMPROVEMENT CORPORATION  
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2005**

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**ASSETS**

|                             |                   |
|-----------------------------|-------------------|
| Real Estate held for Resale | <u>\$ 109,941</u> |
|-----------------------------|-------------------|

**LIABILITIES**

|                           |                   |
|---------------------------|-------------------|
| Due to Primary Government | <u>\$ 109,941</u> |
|---------------------------|-------------------|

*The notes to the basic financial statements are an integral part of these statements*

**RIVERSIDE COMMUNITY IMPROVEMENT CORPORATION  
MONTGOMERY COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

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|                             |                    |
|-----------------------------|--------------------|
| Revenues                    |                    |
| Contributions               | <u>\$ 17,060</u>   |
| Expenses                    |                    |
| Professional Services       | <u>17,060</u>      |
| <b>CHANGE IN NET ASSETS</b> | <u><u>\$ -</u></u> |

*The notes to basic financial statements are an integral part of these statements.*

**RIVERSIDE COMMUNITY IMPROVEMENT CORPORATION  
MONTGOMERY COUNTY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

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|   |                 |
|---|-----------------|
| <b>Cash Flows From Operating Activities:</b>  |                 |
| Cash Received from Contributions  | \$ 17,060       |
| Cash Paid for Services  | <u>(17,060)</u> |
| Net Cash Provided (Used) by Operating Activities  | <u>-</u>        |
| <b>Cash Flows From Capital Investing Activities:</b>  |                 |
| Proceeds from the Sale of Capital Assets  | 10,439          |
| Repayment of Debt   | <u>(10,439)</u> |
| Net Cash Provided (Used) by Capital Investing Activities                                    | <u>-</u>        |
| <b>Net Increase in Cash</b>   | -               |
| <b>Cash at Beginning of Year</b>  | -               |
| <b>Cash at End of Year</b>  | -               |
| <b>Reconciliation of Operating Income to Net Cash<br/>Provided By Operating Activities:</b> |                 |
| Operating Income  | <u>-</u>        |
| Adjustments to Reconcile Operating Income to Net Cash                                       | <u>-</u>        |
| Net Cash Provided by Operating Activities   | <u><u>-</u></u> |

*The notes to the basic financial statements are an integral part of this statement.*

## RIVERSIDE COMMUNITY IMPROVEMENT CORPORATION

*Notes to the Financial Statements  
For the Years Ended December 31, 2005*

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### **NOTE 1 - NATURE OF ORGANIZATION AND REPORTING ENTITY**

The Riverside Community Improvement Corporation, Montgomery County (the Corporation) was formed for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial and civic development of the City of Riverside. The relationship between the City of Riverside 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 Riverside.

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 Riverside 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 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**

The significant accounting policies followed in the preparation of these financial statements conform to generally accepted accounting principles for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. Under the guidelines of GASB Statement No. 20, the Corporation has elected to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989 to its proprietary activities which do not conflict with GASB statements or interpretations. A summary of the significant accounting policies consistently applied in preparation of the accompanying financial statements is as follows:

#### **1. Basis of Presentation - Fund Accounting**

The accounts of the Corporation are organized on the basis of funds, each of which is considered a separate accounting entity. The Corporation has created a single type of fund and a single fund within that fund type. The fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses.

This fund accounts for the governmental resources allocated to it for the purpose of carrying on specific activities in accordance with laws, regulations or other restrictions.

The fund type that the Corporation uses is described below:

**Proprietary Fund Type** - This fund type accounts for operations that are organized to be self-supporting through user charges. The fund included in this category used by the Corporation is the Enterprise Fund.

**Enterprise Fund** - This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**RIVERSIDE COMMUNITY IMPROVEMENT CORPORATION**

*Notes to the Financial Statements*

*For the Years Ended December 31, 2005*

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**2. NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**2. 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 balance sheet. The operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net total assets.

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.

**3. Land Held for Resale and Loan Payable**

On January 4, 1999 the Corporation purchased 22.99 acres of land for \$120,000 located along Brandt pike in Riverside, Ohio from the Archdiocese of Cincinnati. The Corporation intends to use the land as a business park and sell the land to prospective businesses to promote the economic development within the City of Riverside.

The Corporation financed an interest free loan of \$120,380 from the City of Riverside for the purchase of the land at the Business Park. The principal of the loan will become due and payable when the corporation sells all or part of the land. The amount of principal to be repaid shall be \$120,000 multiplied by the percentage calculated by dividing the acres of land sold by 22.99 acres. The amount shall be paid within three business days of the closing of the sale of such land. Within fifteen days of the final principal repayment, the additional \$380 is due in full.

**NOTE 3 - REAL ESTATE HELD FOR RESALE**

Real Estate Held for Resale activity for the fiscal year ended December 31, 2005 is as follows:

| <u>Class</u> | <u>12/31/04 Balance</u> | <u>Addition</u> | <u>Deletion</u>    | <u>12/31/05 Balance</u> |
|--------------|-------------------------|-----------------|--------------------|-------------------------|
| <b>Land</b>  | <u>\$ 120,380</u>       | <u>\$ -</u>     | <u>\$ (10,439)</u> | <u>\$ 109,941</u>       |

The Corporation sold two acres of land valued at \$10,439 during the fiscal year.

**NOTE 4 - LONG-TERM DEBT**

Long-Term Debt obligations and related transactions for the years ended December 31, 2005 are summarized below.

|              | <u>Balance</u>    |                  |                    | <u>Balance</u>    | <u>Due Within</u> |
|--------------|-------------------|------------------|--------------------|-------------------|-------------------|
|              | <u>12/31/2004</u> | <u>Additions</u> | <u>Deletions</u>   | <u>Balance</u>    | <u>One Year</u>   |
| Loan Payable | <u>\$ 120,380</u> | <u>\$ -</u>      | <u>\$ (10,439)</u> | <u>\$ 109,941</u> | <u>\$ -</u>       |

The Corporation sold two acres of land. Per the loan agreement the Corporation is to pay back the loan as they sell parcels. The Corporation then paid \$10,439 towards the loan from the City.

**5 - CHANGE IN ACCOUNTING PRINCIPLES**

In prior years, the Corporation issued a separate report under FASB guidance. Reclassifications were made as necessary to conform to GASB 34 format required for the Corporation, for purposes of inclusion in the City's report as a discretely presented component unit.

**BALESTRA, HARR & SCHERER**  
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Ohio Society of Certified Public Accountants

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Riverside Community Improvement Corporation  
Montgomery County  
1791 Harshman Road  
Riverside, Ohio 45424

To the Board of Trustees:

We have audited the financial statements of the Riverside Community Improvement Corporation, Montgomery County, a component unit of the City of Riverside, as of and for the year ended December 31, 2005, and have issued our report thereon dated September 30, 2006, wherein we noted the Corporation adopted GASB Statement No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Riverside Community Improvement Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over the financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Riverside Community Improvement Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*

Board of Trustees  
Riverside Community Improvement Corporation  
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of the audit committee, management and Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer  
September 30, 2006





**Mary Taylor, CPA**  
Auditor of State

**RIVERSIDE COMMUNITY IMPROVEMENT CORPORATION**  
**MONTGOMERY COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**MAY 10, 2007**