



**CLERMONT COUNTY COMMUNITY IMPROVEMENT CORPORATION
CLERMONT COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2011



Dave Yost • Auditor of State

**CLERMONT COUNTY COMMUNITY IMPROVEMENT CORPORATION
CLERMONT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Clermont County Community Improvement Corporation
Clermont County
2379 Clermont Center Drive
Batavia, Ohio 45103

To the Board of Trustees:

We have audited the accompanying basic financial statements of the Clermont County Community Improvement Corporation, Clermont County, Ohio (the Corporation), a component unit of the Clermont County as of and for the year ended December 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note A, the financial statements present only the Corporation and do not purport to, and do not, present fairly the financial position of the County of Clermont, Ohio, as of December 31, 2011, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Clermont County Community Improvement Corporation, as of December 31, 2011 and 2010, and the respective changes in its financial position and its cash flows thereof and the year 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 June 18, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 other assurance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 18, 2012

CLERMONT COUNTY CIC, INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year ending December 31, 2011

(Unaudited and not subject to the CPA Review)

This Management Discussion and Analysis (“MD&A”), along with the accompanying financial statements of Clermont County CIC, Inc. (“Clermont CIC”) is designed to provide interested parties with a general overview of the financial activities of Clermont CIC for the year ending December 31, 2011.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

Clermont CIC is a single purpose enterprise that prepares financial statements in a manner similar to a private sector business as more fully disclosed in Note 1 to the financial statements. The basic financial statements are presented using the accrual basis of accounting. The statement of financial position, also referred to as the statement of net assets, provides information regarding assets and liabilities. Net assets are the difference between assets and liabilities. Revenues, expenses, and changes in net assets are presented in the statement of activities. Revenues are reported when earned and expenses are reported when incurred. The statement of cash flows provides information concerning cash receipts and cash disbursements which may differ from accrual revenues and accrual expenses.

FINANCIAL HIGHLIGHTS

Statement of Net Assets - December 31, 2011 compared to December 31, 2010 and December 31, 2009:

	2011	2010	2009
Assets			
Current Assets	\$ 2,780,851	\$ 4,547,099	\$ 920,812
Long-term portion of loan receivable	820,705	-	-
Land Held for Resale	3,508,113	4,290,503	4,316,145
Total Assets	<u>7,109,669</u>	<u>8,837,602</u>	<u>5,236,957</u>
Liabilities			
Current Liabilities	\$ 64,495	\$ 110,456	134,861
Due to Clermont County	6,659,239	8,349,816	5,099,759
Total Liabilities	<u>6,723,734</u>	<u>8,460,272</u>	<u>5,234,620</u>
Unrestricted Net Assets (Deficit)	<u>\$ 385,935</u>	<u>\$ 377,330</u>	<u>\$ 2,337</u>

Current assets for 2010 increased dramatically because of two large cash deposits related to two different development projects. Clermont CIC had \$2 million on hand as of December 31, 2010 that it then advanced to Union Township during 2011 related to the conversion of Biggs Place to Jungle Jim’s. The advance was recorded as a loan receivable in January 2011. Included in cash on hand as of December 31, 2011 and 2010 was approximately \$2 million that is restricted for the IRG bond deposit fund. At the end of 2011, current assets include cash of \$2,110,538 and the current portion of the new loan receivable.

Most of the change in land held for resale for 2011 compared to 2010 resulted from two sale transactions: (1) Clermont CIC sold land having a cost basis of approximately \$375,000; and, (2) Clermont CIC sold another parcel of land having a cost basis of approximately \$407,000.

Amounts due to Clermont County decreased for 2011 compared to 2010 primarily because of repayments related to loan collections and proceeds from land sales. Amounts due to Clermont County increased for 2010 compared to 2009 because of \$4 million in advances received which ultimately are to be repaid partially offset by repayments during 2010 for prior land sales.

Current liabilities consist of accounts payable, which represent accrued interest and/or real estate taxes.

Statement of Activities – Revenues, Expenses and Changes in Net Assets - December 31, 2011 compared to December 31, 2010 and December 31, 2009:

	2011	2010	2009
Revenues			
Contributions from Clermont County	\$ 25,000	\$ 25,000	\$ 25,000
Private contribution - IRG	-	364,945	-
Gains (losses) from sale of land, net	33,237	17,280	2,262
Interest income	323,108	180,507	204,918
Real estate taxes and other	102,378	87,749	105,524
Total Revenues	483,723	675,481	337,704
Expenses			
Interest and real estate taxes	404,346	267,829	308,433
Administrative and other	70,772	32,659	19,654
Total Expenses	475,118	300,488	328,087
Changes in Net Assets			
Net Assets at Beginning of Year	377,330	2,337	(7,280)
Net Assets at End of Year	\$ 385,935	\$ 377,330	\$ 2,337

The private contribution for 2010 consists of receipt of land via contribution from IRG. Interest income increased significantly in 2011 primarily because of interest earned on the new loan receivable. Interest expense increased during 2011 for the same reason. The reason for the 2011 increase in administrative and other expenses is due to higher legal fees associated with the two new development projects as further described in Note 2.

Land sold to developers for purposes of economic development is summarized below:

	2011	2010	2009
Proceeds from sale of land	\$ 815,627	\$ 424,717	\$ 766,793
Cost basis of land sold	782,390	407,437	764,531
Gain (loss) on sale	\$ 33,237	\$ 17,280	\$ 2,262

Debt – Clermont CIC is generally required to remit any proceeds from sales of its land held for resale to Clermont County. The amount due to the County (including any unpaid advances) as of December 31, 2011 and 2010 was \$6,659,239 and \$8,349,816, respectively, as reflected in the Statements of Net Assets. This debt balance reflects the unremitted cost basis of real estate transferred to Clermont CIC plus any unpaid cash advances. The related land held for resale is intended to be sold to developers for the purposes of economic development within the County.

CONTACT INFORMATION

Questions about this report or requests for additional information can be forwarded to Andrew Kuchta, Executive Director of Clermont County CIC, Inc. - located in the Clermont County Office of Economic Development, 2379 Clermont Center Drive, Batavia, Ohio 45103.

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**CLERMONT COUNTY COMMUNITY IMPROVEMENT CORPORATION
CLERMONT COUNTY**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$108,948	\$2,435,767
Restricted cash - IRG bond deposit	2,001,590	2,000,876
Current portion of loan receivable	605,818	-
Accounts receivable	64,495	110,456
Total current assets	<u>2,780,851</u>	<u>4,547,099</u>
Loan receivable - Union Township	820,705	-
Land held for resale	3,508,113	4,290,503
Total assets	<u>7,109,669</u>	<u>8,837,602</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	<u>64,495</u>	<u>110,456</u>
Long term liabilities		
Due to Clermont County	<u>6,659,239</u>	<u>8,349,816</u>
Total liabilities	<u>6,723,734</u>	<u>8,460,272</u>
NET ASSETS		
Unrestricted net assets	<u>385,935</u>	<u>377,330</u>
Total net assets	<u><u>\$385,935</u></u>	<u><u>\$377,330</u></u>

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

**CLERMONT COUNTY COMMUNITY IMPROVEMENT CORPORATION
CLERMONT COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS
FOR THE YEARS ENDING DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES:		
Contributions from Clermont County	\$25,000	\$25,000
Private contribution - IRG	0	364,945
Gains from Sale of Land, Net	33,237	17,280
Interest Income	323,108	180,507
Real estate tax reimbursement and other	102,378	87,749
Total Operating Revenue	<u>483,723</u>	<u>675,481</u>
OPERATING EXPENSES:		
Interest and Carrying Charges	321,970	177,887
Professional Services	82,376	27,519
Office Supplies	48,185	2,806
Insurance	20,201	2,334
Real Estate Taxes	2,386	89,942
Total operating expenses	<u>475,118</u>	<u>300,488</u>
Operating gain	<u>8,605</u>	<u>374,993</u>
Total net assets - beginning of year	377,330	2,337
Total net assets - end of year	<u>\$385,935</u>	<u>\$377,330</u>

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

**CLERMONT COUNTY COMMUNITY IMPROVEMENT CORPORATION
CLERMONT COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Contributions received from Clermont County	\$25,000	\$25,000
Interest received	369,069	204,912
Other receipts	102,378	87,749
Payments for professional services	(48,185)	(27,519)
Interest paid to Clermont County	(367,931)	(202,292)
Payments for real estate taxes	(82,376)	(89,942)
Payments to suppliers	(2,386)	(5,140)
Other payments	(20,201)	0
Net cash used by operating activities	<u>(24,632)</u>	<u>(7,232)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Advance on Loan Payable from Clermont County	(2,000,000)	
Principal receipts from loan receivable - Union Township	573,477	
Proceeds from the Sale of Land	815,627	
Payments to Clermont County for Sale of Land		(766,793)
Proceeds from the Sale of Land		424,717
IRG Bond Reserve Receipt		2,000,000
UT Funding Receipt for Jungle Jim project		2,000,000
Net cash provided by investing activities	<u>(610,896)</u>	<u>3,657,924</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Advances (repayments), net - due to Clermont County	(1,690,577)	0
Net cash provided by financing activities	<u>(1,690,577)</u>	<u>0</u>
 Net increase in cash and cash equivalents	<u>(2,326,105)</u>	<u>3,650,692</u>
 Cash and cash equivalents at January 1	4,436,643	785,951
 Cash and cash equivalents at December 31	<u><u>\$2,110,538</u></u>	<u><u>\$4,436,643</u></u>
 Reconciliation of operating income to net cash provided (used) by operating activities		
Operating Gain	<u>\$ 8,605</u>	<u>\$374,993</u>
Adjustments to reconcile net loss to net cash used by operating activities:		
(Gains) losses from sale of land, net	(33,237)	(17,280)
(Increase) decrease in accounts receivable	45,961	
Increase (decrease) in accounts payable	(45,961)	
(Increase) decrease in contribution of land from IRG		(364,945)
Total Adjustments	<u>(33,237)</u>	<u>(382,225)</u>
Net cash used by operations	<u><u>(\$24,632)</u></u>	<u><u>(\$7,232)</u></u>
 Non-cash capital activities		
Contribution of Land for Resale		\$16,849

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CLERMONT COUNTY CIC, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

Nature of Organization and Reporting Entity

Clermont County CIC, Inc. (“Clermont CIC” or “the Organization”) is a non-profit organization incorporated in Ohio in 2003. It is considered a component unit of the Clermont County government, State of Ohio. The Organization was established as a “community improvement corporation”, as set forth in the Ohio Revised Code. Its purpose is to facilitate economic development in Clermont County (“the County”). Clermont CIC works with the County to assist with the implementation of the adopted economic development plan including a current focus on facilitating industrial and office park developments. The Organization is able to facilitate the issuance of Industrial Development Bonds (“IDB”).

Clermont CIC, like other Ohio community improvement corporations, has business activities set forth in state law:

- To borrow money by issuing debt that would be secured by mortgage or other lien on the developed property.
- To make loans to persons or businesses and to regulate the terms and conditions of such loans.
- To purchase real property and personal property and to re-sell such property.
- To acquire business assets including goodwill and intangibles and to assume liabilities related to the acquisition of such business assets.
- To acquire real estate for the purpose of constructing industrial plants or business establishments or to dispose of such property for such purpose. In addition, Clermont CIC may acquire industrial plants and business establishments and may sell, operate, maintain or lease such property.
- To acquire, sell, or pledge stock shares, bonds, notes or other securities of persons or businesses.

Clermont CIC has an agreement with Clermont County effective November 9, 2004. The agreement outlines the rights and responsibilities of the parties, which include the business activities noted above. The term of the agreement is indefinite, except that either party may terminate the agreement with twelve months advance notice as described in the agreement.

Income Taxes

Clermont CIC is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization is not considered a private foundation. Accordingly, no provision for income taxes is necessary in the accompanying financial statements.

Basis of Presentation

The financial statements of Clermont CIC have been prepared using the accrual basis of accounting pursuant to United States generally accepted accounting principles (“U.S. GAAP”).

Clermont CIC is considered a discretely presented component unit of Clermont County.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations and may be utilized at the discretion of the Board of Trustees.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of Clermont CIC satisfying the purpose or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. There were no temporarily restricted net assets as of December 31, 2011 and 2010.
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that the principal be maintained intact in perpetuity and that only the income from the investment thereof be expended either for the general purpose of the Organization or for purposes specified by the donor. There were no permanently restricted net assets at December 31, 2011 and 2010.

Recognition of Donations

Clermont CIC reports gifts of cash and other assets at their estimated fair market value as of the date of contribution. Such donations are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, Clermont CIC reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Clermont CIC records donated services as revenues in the period received only if the services received create or enhance non-financial assets or required specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased with cash if not provided by donation.

Cash and Cash Equivalents

Clermont CIC considers all highly liquid investments such as checking, commercial paper, and savings accounts with an original maturity of three months or less to be cash equivalents. Clermont CIC maintains its cash in two large Southwestern Ohio banks and has bank balances that exceed the FDIC insurance limit (generally up to \$250,000).

Clermont CIC has not had any losses on its cash accounts and believes it is not adversely affected by a concentration of credit risk.

	2011	2010
Interest-bearing demand deposits	\$ 108,948	\$ 2,435,767
Restricted cash - IRG bond deposit fund (see Note 2)	2,001,590	2,000,876
Total deposits	<u>\$ 2,110,538</u>	<u>\$ 4,436,643</u>

Capital Assets - including Land Held for Resale

Property and equipment are recorded at cost at the date of acquisition or at estimated fair market value at date of gift, if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Land is not depreciated.

When assets are retired, sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income or expense for the period. The cost of maintenance and repairs is charged to expense as incurred. Significant improvements are capitalized when the related useful lives are extended.

Due to Clermont County

Due to Clermont County represents a non-interest bearing note payable to the government of Clermont County. The advances to the Organization were received in the form of cash and/or certain land transferred to Clermont CIC by the County. As Clermont CIC sells land for economic development or otherwise receives reimbursements it repays the County.

Functional Classification of Expenses

Salaries and related expenses, if any, are charged to program and administrative services based upon the estimated time spent by personnel on the related programs. Other expenses are either directly charged to expense functions or are allocated based upon rational allocation methodologies.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) **Capital Assets – Land Held for Resale**

Clermont CIC owns land held for resale for two different projects as summarized below:

	As of December 31	
	2011	2010
Ivy Pointe - Kubicki and TQL Commitment		
Acres owned	38.575	48.177
Net cost of land	\$ 3,143,167	\$ 3,925,557
Ford Redevelopment - IRG Commitment		
Acres owned	36.600	36.600
Net cost of land	\$ 364,946	\$ 364,946
Totals		
Net cost of land - end of year	\$ 3,508,113	\$ 4,290,503

Ivy Pointe - Kubicki and TQL Commitment

Clermont CIC has a contract to sell approximately 100 acres of land to a Trust or its designees. Related to the sale contract, Clermont CIC has acquired all of the acreage it needs from Clermont County so it can perform under the sale contract. The Trustee is obligated to purchase a minimum of 10 acres per year from the Organization commencing May 12, 2006, until all acreage has been purchased. The most recent sale price (and expected future sales prices) is \$84,943 per acre. The Trustee's obligations are secured by a personal guarantee of Charles Kubicki, a private citizen that owns Cincinnati United Contractors, Inc., the proposed developer of the subject land.

In May 2008, the Organization amended the above noted sale contract and agreed to a "partial assignment and assumption and modification". The May 2008 amendment resulted in the naming of two purchasers for the approximate 100 acres of land to be sold by Clermont CIC as follows:

- 45.059 acres to be sold to Total Quality Logistics, Inc. ("TQL")
- 54.662 acres to be sold to Charles J. Kubicki, LLC ("CJKLLC")

Ivy Pointe Land Held for Resale - Kubicki and TQL Commitment was as follows for the years ending December 31, 2011 and 2010:

	2011	2010
Balance, beginning of year	\$ 3,925,557	\$ 4,316,145
Additions	-	16,849
Transfers or dispositions	(782,390)	(407,437)
Balance, end of year	\$ 3,143,167	\$ 3,925,557
# of acres of land owned, end of year	38.575	48.177

Ford Redevelopment - IRG Commitment

In March 2010, Clermont CIC entered into various contracts with IRG Batavia I, LLC (“IRG”), Clermont County and Ohio Department of Development (“ODOD”) related to the redevelopment of certain land and buildings referred to as “Ford Redevelopment” (the old Ford plant).

As a part of the issuance of \$6.135 million in State of Ohio economic development bonds, Clermont CIC is required to maintain a reserve fund of \$2,000,000 as a guaranty in the event that IRG or any bond guarantors default on repayment of the bonds. Such amount is included in restricted cash as of December 31, 2011 and 2010. To establish the reserve fund, Clermont CIC was advanced \$2,000,000 from Clermont County to be repaid.

As a part of the various contracts, Clermont CIC received 36.6 acres of land at the old Ford plant from IRG included in the balance sheet at \$364,946 as of December 31, 2011 and 2010.

IRG is obligated to re-purchase the land from Clermont CIC according to the following schedule:

Required purchases by IRG:

<u>On or before</u>	<u># acres</u>	<u>Price</u>
9/1/2012	12.0	\$ 120,000
9/1/2013	10.0	\$ 100,000
9/1/2014	14.6	<u>219,000</u>
Totals	36.6	<u>\$ 439,000</u>

(3) Intergovernmental Receivable – Jungle Jim’s Project

The Organization has a Funding Participation Agreement with Union Township, a political subdivision of Clermont County. As a part of the agreement, Clermont CIC received \$2,000,000 from Clermont County in December 2010 which it advanced (as a receivable) to Union Township in January 2011. The purpose of the agreement was for Union Township to purchase certain real estate that it is now leasing to a private party who intends to operate a specialty grocery store called “Jungle Jim’s”.

The terms of the intergovernmental receivable require payments by Union Township to Clermont CIC in the form of 36 equal monthly installments of \$60,844 including interest at the fixed rate of 6%. The intergovernmental receivable is collateralized by Union Township’s TIF Fund 14 revenues. The outstanding balance on the receivable was \$1,426,523 as of December 31, 2011.

(4) Functional Expenses

Expenses for the Organization were as follows for 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Program	\$ 466,734	\$ 289,698
Management and general	<u>8,384</u>	<u>10,790</u>
Total expenses	<u>\$ 475,118</u>	<u>\$ 300,488</u>

(5) **Subsequent Events**

No subsequent events have occurred since the date of the statement of financial position. Management has evaluated its subsequent events through April 19, 2012, the date the financial statements were available to be issued.

(6) **Uncertain Tax Positions**

The Financial Accounting Standards Board (“FASB”) recently issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes (“FIN 48”) which clarifies the accounting and reporting under U.S. GAAP for uncertain tax positions. In general terms, all entities are required to evaluate uncertain tax positions, if any, related to income taxes and provide certain FIN 48 disclosures. The Organization’s applicable disclosures are as follows for 2011 and 2010:

	2011	2010
Uncertain tax positions	None	None
Interest expense related to tax filings	\$ -	\$ -
Penalties related to tax filings	\$ -	\$ -

Clermont CIC, Inc. has no open tax years subject to examination. As a component unit of Clermont County, the Organization is not required to file a tax return.



Dave Yost • Auditor of State

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

Clermont County Community Improvement Corporation
Clermont County
2379 Clermont Center Drive
Batavia, Ohio 45103

To the Board of Trustees:

We have audited the basic financial statements of the Clermont County Community Improvement Corporation, Clermont County, Ohio (the Corporation), as of and for the year ended December 31, 2011, and have issued our report thereon dated June 18, 2012. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Corporation's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Clermont County CIC, Inc
Clermont County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management, Board of Trustees, and others within the Corporation. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 18, 2012



Dave Yost • Auditor of State

CLERMONT COUNTY CIC, INC

CLEARMONT 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
JULY 05, 2012**