



Dave Yost • Auditor of State

CLERMONT COUNTY CIC, INC.
CLERMONT COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statement of Net Position As of December 31, 2013	5
Statement of Revenues, Expenses and Other Changes in Net Position For the Year Ended December 31, 2013.....	6
Statement of Cash Flows For the Years Ended December 31, 2013	7
Notes to the Basic Financial Statements	9
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Clermont County Community Improvement Corporation, Inc.
Clermont County
101 East Main Street, 3rd Floor
Batavia, Ohio 45103

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of Clermont County Community Improvement Corporation, Inc., Clermont County, Ohio (the CIC), a component unit of Clermont County as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the CIC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the CIC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the CIC's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Clermont County Community Improvement Corporation, Inc., Clermont County as of December 31, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577

www.ohioauditor.gov

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2014, on our consideration of the CIC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CIC's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

May 27, 2014

**CLERMONT COUNTY CIC, INC.
CLERMONT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Unaudited)**

This Management Discussion and Analysis, along with the accompanying financial statements of the Clermont County CIC, Inc. (CIC) is designed to provide interested parties with a general overview of the financial activities of the CIC for the year ended December 31, 2013.

Overview of Basic Financial Statements

The 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 2 to the financial statements. The basic financial statements are presented using the accrual basis of accounting. The statement of net position provides information regarding assets and liabilities. Net position is 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

Net Position

	<u>2013</u>	<u>2012</u>
Assets:		
Current Assets	\$ 236,828	\$ 2,951,085
Long-term Portion of Loan Receivable	0	120,780
Land Held for Resale	2,173,478	2,350,591
Total Assets	<u>2,410,306</u>	<u>5,422,456</u>
Liabilities:		
Current liabilities	21,835	34,139
Due to Clermont County	2,082,106	4,959,792
Total Liabilities	<u>2,103,941</u>	<u>4,993,931</u>
Unrestricted net position	<u>\$ 306,365</u>	<u>\$ 428,525</u>

Long-term portion of loan receivable decreased because of the continuous payments received from Union Township for the \$2,000,000 it advanced to Union Township in the beginning of 2011 for the Jungle Jim's Market, Inc. specialty grocery store project. The last payment is due in January 2014. Current assets decreased because of the \$2,000,000 restricted cash for the IRG redevelopment in Batavia Township became unrestricted in 2013 and was paid back to the County in 2013 (see Note 4). Due to Clermont County decreased due to the CIC making payments to Clermont County from the loan agreement with Union Township and the IRG agreement for the Ford plant redevelopment.

**CLERMONT COUNTY CIC, INC.
CLERMONT COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Unaudited)**

Changes in Net Position

	2013	2012
Operating Revenues:		
Contributions from Clermont County	\$ 0	\$ 35,000
Rent	500	1,258
Gains from Sale of Land, Net	3,456	52,073
Interest Income	76,474	163,670
Real Estate Tax Reimbursement and Other	52,665	106,278
Total Operating Revenues	<u>133,095</u>	<u>358,279</u>
Operating Expenses:		
Interest and Real Estate Taxes	226,505	284,689
Administrative and Other	28,750	31,000
Total Operating Expenses	<u>255,255</u>	<u>315,689</u>
Operating Gain/(Loss)	(122,160)	42,590
Total net position - beginning of year	<u>428,525</u>	<u>385,935</u>
Total net position - end of year	<u>\$ 306,365</u>	<u>\$ 428,525</u>

Interest income decreased due to the required interest due on the Union Township loan and the interest due from the agreements with Total Quality Logistics and Charles J. Kubicki, LLC. Interest and Real Estate Taxes expense decreased for the same reason.

Land Held for Resale

The CIC's investment in Land Held for Resale is \$2,173,478. The CIC sold 22.98 acres of land per the agreement with IRG Batavia I, LLC for \$114,850. The CIC closed on the land per its agreement with the Village of Ameila in April 2013. The land was valued at \$62,263. See Note 4 for more details.

Due to Clermont County

The 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, 2013 and 2012 was \$2,082,106 and \$4,959,792, respectively. This debt balance reflects the unremitted cost basis of real estate transferred to the 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, 101 East Main Street, Batavia, Ohio 45103.

CLERMONT COUNTY CIC, INC.
CLERMONT COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2013

ASSETS

Current assets

Cash and cash equivalents	\$ 156,991
Accounts receivable	18,797
Accrued interest receivable	500
Loan receivable	60,540
Total current assets	<u>236,828</u>

Noncurrent assets

Land held for resale	<u>2,173,478</u>
----------------------	------------------

Total assets	<u>2,410,306</u>
---------------------	-------------------------

LIABILITIES

Current liabilities

Accounts payable and accrued expenses	<u>21,835</u>
---------------------------------------	---------------

Long term liabilities

Due to Clermont County	<u>2,082,106</u>
------------------------	------------------

Total liabilities	<u>2,103,941</u>
--------------------------	-------------------------

NET POSITION

Unrestricted net position	<u>306,365</u>
---------------------------	----------------

Total net position	<u><u>\$ 306,365</u></u>
---------------------------	---------------------------------

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

CLERMONT COUNTY CIC, INC.
CLERMONT COUNTY
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES
IN NET POSITION
FOR THE YEAR ENDING DECEMBER 31, 2013

OPERATING REVENUES:	
Rent	\$ 500
Gains from Sale of Land, Net	3,456
Interest Income	76,474
Real estate tax reimbursement and other	52,665
Total Operating Revenue	133,095
 OPERATING EXPENSES:	
Interest and Carrying Charges	174,651
Professional Services	26,191
Insurance	2,559
Real Estate Taxes	51,854
Total operating expenses	255,255
 Operating loss	(122,160)
 Total net position - beginning of year	428,525
Total net position - end of year	\$ 306,365

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

**CLERMONT COUNTY CIC, INC
CLERMONT COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013**

CASH FLOWS FROM OPERATING ACTIVITIES:

Interest received	\$ 75,003
Other receipts	67,937
Payments for professional services	(26,797)
Interest paid to Clermont County	(174,701)
Payments for real estate taxes	(66,111)
Other payments	
Net cash (used) for operating activities	<u>(124,669)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Investment Earnings	1,007
Principal receipts from loan receivable - Union Township	703,424
Proceeds from the Sale of Land	180,569
Net cash provided by investing activities	<u>885,000</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Advances (repayments), net - due to Clermont County	<u>(2,877,686)</u>
Net cash (used) for financing activities	<u>(2,877,686)</u>

Net decrease in cash and cash equivalents **(2,117,355)**

Cash and cash equivalents at January 1 2,274,346

Cash and cash equivalents at December 31 **\$ 156,991**

Reconciliation of operating income to net cash provided (used) by operating activities

Operating Loss \$ (122,160)

Adjustments to reconcile net loss to net cash used by operating activities:

(Gains) from sale of land, net	(3,456)
Decrease in accounts receivable	14,758
(Decrease) in accounts payable	<u>(13,811)</u>
Total Adjustments	<u>(2,509)</u>
Net cash used by operations	<u>\$ (124,669)</u>

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

This page intentionally left blank.

**CLERMONT COUNTY CIC, INC.
CLERMONT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

1. NATURE OF ORGANIZATION AND REPORTING ENTITY

Clermont County CIC, Inc. (CIC) is a non-profit organization incorporated in Ohio in 2003. It is considered a component unit of the Clermont County government, State of Ohio (County). The CIC 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 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 CIC is able to facilitate the issuance of Industrial Development Bonds (“IDB”).

The 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, the 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.

The 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.

The reporting entity is comprised of the primary government. The CIC has no component units or other organizations to be included in the financial statements.

Income Taxes

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

**CLERMONT COUNTY CIC, INC.
CLERMONT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net position and revenues, expenses, gains and losses are classified based on the existence or absence of imposed restrictions. Accordingly, net position of the CIC is classified as unrestricted net position because it is not subject to imposed stipulations.

Cash and Cash Equivalents: The 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.

Capital Assets: Capital assets are recorded at cost at the date of acquisition or at estimated fair market value at date of gift, if donated. The only asset capitalized by the CIC is land held for resale.

Significant Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. CASH AND CASH EQUIVALENTS

The CIC entered into an intergovernmental agreement with the Clermont County Auditor in February 2013 to be the fiscal agent of the CIC. The County Treasurer is the custodian for the CIC's cash and cash equivalents. The County's cash pool holds the Council's cash and cash equivalents, which are reported at the County Treasurer's carrying amount. Deposit disclosures for the County as a whole may be obtained from the Clermont County Auditor, Linda L. Fraley, 101 E. Main Street, Batavia, Ohio, 45103, www.clermontauditor.org, (513)732-7150.

4. CAPITAL ASSETS – LAND HELD FOR RESALE

The CIC owns land held for resale for three different projects as summarized below:

	1/1/2013	Additions	Transfers or Dispositions	12/31/2013
Ivy Pointe - Kubicki and TQL Commitment				
Acres owned	23.599	0.000	0.000	23.599
Net cost of land	\$ 1,923,382	\$ 0	\$ 0	\$ 1,923,382
Ford Redevelopment - IRG Commitment				
Acres owned	36.600	0.000	22.980	13.620
Net cost of land	\$ 364,946	\$ 0	\$ 114,850	\$ 250,096
Village of Amelia Agreement				
Acres owned	0.699	0.000	0.699	0.000
Net cost of land	\$ 62,263	\$ 0	\$ 62,263	\$ 0
Total Land Held for Resale	\$ 2,350,591	\$ 0	\$ 177,113	\$ 2,173,478

**CLERMONT COUNTY CIC, INC.
CLERMONT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

4. CAPITAL ASSETS – LAND HELD FOR RESALE (Continued)

Ivy Pointe – Kubicki and TQL Commitment

The CIC has a contract to sell approximately 100 acres of land to a Trust or its designees. Related to the sale contract, the 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 CIC 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 CIC 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 the 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)

Ford Redevelopment – IRG Commitment

In March 2010, the CIC entered into various contracts with IRG Batavia I, LLC (IRG), Clermont County and Ohio Department of Development 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, the 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. To establish the reserve fund, the CIC was advanced \$2,000,000 from Clermont County to be repaid. In 2013, this reserve became unrestricted and was returned to Clermont County.

As a part of the various contracts, the CIC received 36.6 acres of land at the old Ford plant from IRG. IRG is obligated to repurchase the land from the CIC according to the following schedule. An amendment to the agreement was executed in October 2012 that changed the schedule of when IRG would have to repurchase the land as shown below:

Required purchase on or before	Number of Acres	Price
03/31/13	22.98	\$ 114,900
09/01/14	13.62	204,300
Totals	<u>36.60</u>	<u>\$ 319,200</u>

**CLERMONT COUNTY CIC, INC.
CLERMONT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

4. CAPITAL ASSETS – LAND HELD FOR RESALE (Continued)

Village of Amelia Agreement

In July 2012, Clermont County transferred .699 acres to the CIC for the consideration of one dollar. In October 2012, the CIC entered into a purchase and sale agreement with the Village of Amelia. The purchase price of the property is \$68,200. Beginning on the effective date of the contract and continuing until the closing date of the property sale, the Village of Amelia is to pay to the CIC a rent payment of \$500 per month and will be credited towards the purchase price at closing. The CIC closed on this property in April of 2013.

5. LOAN RECEIVABLE – JUNGLE JIM’S PROJECT

The CIC has a Funding Participation Agreement with Union Township, a political subdivision of Clermont County. As a part of the agreement, the 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 it is now leasing to a private party who intends to operate a specialty grocery store called “Jungle Jim’s”.

The terms of the loan receivable require payments by Union Township to the CIC in the form of 36 equal monthly installments of \$60,844 including interest at the fixed rate of 6%. The loan receivable is collateralized by Union Township’s TIF Fund 14 revenues. The outstanding balance of the receivable was \$60,540.

6. DUE TO CLERMONT COUNTY

The CIC is required to remit any proceeds from sales of its land held for resale to Clermont County, and repay any money that was advance to the CIC for economic development projects including interest received on the projects.

	1/1/2013	Additions	Deletions	12/31/2013
Long Term Liabilities				
Due to Clermont County	\$4,959,792	\$ 116,358	\$ 2,994,044	\$ 2,082,106



Dave Yost • Auditor of State

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

Clermont County Community Improvement Corporation, Inc.
Clermont County
101 East Main Street, 3rd Floor
Batavia, Ohio 45103

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Clermont County Community Improvement Corporation, Inc., Clermont County, (the CIC), a component unit of Clermont County as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the CIC's basic financial statements and have issued our report thereon dated May 27, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the CIC's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the CIC's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the CIC'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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the CIC's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the CIC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Columbus, Ohio

May 27, 2013



Dave Yost • Auditor of State

CLERMONT COUNTY COMMUNITY IMPROVEMENT CORPORATION

CLERMONT 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
JUNE 12, 2014**