



Mary Taylor, CPA
Auditor of State

CLERMONT COUNTY CIC, INC.
CLERMONT COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Clermont County CIC, Inc.
Clermont County
2379 Clermont Center Drive
Batavia, Ohio 45103

To the Board of Trustees:

We have audited the accompanying basic financial statements of the business-type activities of Clermont County CIC, Inc., Clermont County, Ohio (the Corporation), a component unit of Clermont County, as of and for the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of the 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 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 that our audit provides a reasonable basis for our opinions.

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, 2006, 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 CIC, Inc., and of the business-type activities as of December 31, 2006, and the respective changes in financial position, and cash flows thereof for 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 1, 2007, 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.

We conducted our audit to opine on the financial statements that collectively comprise the Corporation's basic financial statements. The Management Discussion and Analysis provides additional information and is not a required part of the basic financial statements. We did not subject the Management Discussion and Analysis to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 1, 2007

CLERMONT COUNTY CIC, Inc.

*Management's Discussion and Analysis
For the Year Ended December 31, 2006
(Unaudited)*

This discussion and analysis, along with the accompanying financial reports, of the Clermont County Community Improvement Corporation, Inc. (the "Corporation") is designed to provide our creditors and other interested parties with a general overview of the Corporation and its financial activities. This is the first year the Corporation has prepared financial statements, therefore a comparison with prior year's information is not available. A comparative analysis will be provided in future years when prior year's information is available.

FINANCIAL HIGHLIGHTS

The Corporation's net assets are \$3,671 on December 31, 2006.

The Corporation sold land held for resale for \$1,020,143 during 2006 and paid the proceeds to Clermont County (the County) as required by their agency agreement.

The Corporation issued no long term debt instruments in 2006, but they have incurred a liability to remit the County's cost of land provided for resale back to the County, upon sale by the Corporation. The balance of this liability and land held for resale at December 31, 2006 is \$1,547,093.

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 net assets includes all of the Corporation's Assets and Liabilities. This statements 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 revenues, expenses, and other changes in net assets 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 provides information about the Corporation's cash receipts and cash disbursements. It summarized the net changes in cash resulting from operating and capital and related financing activities.

STATEMENT OF NET ASSETS

Table 1 summarized the Net Assets of the Corporation.

| | |
|-------------------------|-----------------------|
| Assets | |
| Current Assets | \$3,671 |
| Land Held for Resale | 1,547,093 |
| Total Assets | <u>1,550,764</u> |
| Liabilities | |
| Due to Clermont County | <u>1,547,093</u> |
| Total Liabilities | <u>1,547,093</u> |
| Unrestricted Net Assets | <u>3,671</u> |
| Total Net Asset | <u><u>\$3,671</u></u> |

CLERMONT COUNTY CIC, Inc.

*Management's Discussion and Analysis
For the Year Ended December 31, 2006
(Unaudited)*

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

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

| | |
|---------------------------------|-----------------------|
| Revenues | |
| Industrial Revenue Bond Fees | \$4,000 |
| Interest Income | 8,074 |
| Total Revenue | <u>12,074</u> |
| Expenses | |
| Operating Expenses | <u>27,777</u> |
| Total Operating Expenses | <u>27,777</u> |
| Change in Net Assets | 15,703 |
| Net Assets at Beginning of Year | <u>19,374</u> |
| Net Assets at End of Year | <u><u>\$3,671</u></u> |

The Corporation's sources of revenue are from issuance fees for Industrial Revenue Bonds and interest income.

CAPITAL ASSETS

The Corporation had \$ 1,547,093 invested in Capital Assets.

| | |
|----------------------|-------------|
| Land Held for Resale | \$1,547,093 |
|----------------------|-------------|

DEBT

The Corporation is required by agreement to remit sales proceeds to the County, upon sale of land held for resale by the Corporation.

The amount due to Clermont County is \$ 1,547,093, as reflected in the statement of net assets. This debt balance is due to Clermont County for real estate transfers and sales during the calendar year. For additional information regarding debt, please see the *Notes D to Basic Financial Statements*.

CONTACT INFORMATION

Questions regarding this report and requests for additional information should be forward to Andrew Kuchta, Executive Director, Office of Economic Development, 2379 Clermont Center Drive, Batavia, Ohio 45103.

CLERMONT COUNTY CIC, Inc.
STATEMENTS OF NET ASSETS
December 31, 2006

ASSETS

CURRENT ASSETS

| | |
|-----------------------------|--------------|
| Cash equivalent | \$ 3,215 |
| Prepaid Insurance | 456 |
| TOTAL CURRENT ASSETS | <u>3,671</u> |

CAPITAL NONCURRENT ASSETS

| | |
|--------------------------------|------------------|
| Land Held for Resale | 1,547,093 |
| TOTAL NONCURRENT ASSETS | <u>1,547,093</u> |
| TOTAL ASSETS | <u>1,550,764</u> |

LIABILITIES

LONG TERM LIABILITIES

| | |
|------------------------------------|------------------|
| Due to Clermont County | 1,547,093 |
| TOTAL LONG TERM LIABILITIES | <u>1,547,093</u> |

NET ASSETS

| | |
|-------------------------|-----------------|
| Unrestricted: | 3,671 |
| TOTAL NET ASSETS | <u>\$ 3,671</u> |

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

CLERMONT COUNTY CIC, Inc.
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS
For the Year Ending December 31, 2006

OPERATING REVENUES:

| | |
|---|---------------|
| Industrial Revenue Bond Application Fee | \$ 4,000 |
| Interest Income | 8,074 |
| Total OPERATING Revenue | <u>12,074</u> |

OPERATING EXPENSES:

| | |
|------------------------------------|-----------------|
| Professional Services | 24,613 |
| Office Supplies | 49 |
| Insurance | 2,365 |
| IRS Not for Profit Application Fee | 750 |
| TOTAL OPERATING EXPENSES | <u>27,777</u> |
| Operating Loss | <u>(15,703)</u> |

Total Net Assets - Beginning of Year 19,374

Total Net Assets - End of Year \$ 3,671

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

CLERMONT COUNTY CIC, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|--|-----------------|
| Receipts from Industrial Revenue Bond Recipients | \$ 4,000 |
| Interest received | 8,074 |
| Payments for professional services | (24,613) |
| Payments to suppliers | (49) |
| Payments for insurance | (2,679) |
| Payments for application fees | (750) |
| Net cash used by operating activities | <u>(16,017)</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

| | |
|--|--------------------|
| Proceeds from Sale of Land held-for-resale | 1,020,143 |
| Payment of Land Sale Proceeds to Clermont County | <u>(1,020,143)</u> |
| Net cash provided by investing activities | <u>-</u> |

Net increase in cash and cash equivalents (16,017)

Cash at January 1 19,232

Cash at December 31 \$ 3,215

Reconciliation of operating income to net cash used by operating activities

Operating Loss \$ (15,703)

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

Increase in prepaid items (314)

Total Adjustments (314)

NET CASH USED BY OPERATIONS \$ (16,017)

Non-cash capital activities

Contribution of Land for Resale \$ 2,567,236

Due to Clermont County (2,567,236)

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

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CLERMONT COUNTY CIC, Inc.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE A – NATURE OF ORGANIZATION AND REPORTING ENTITY

The Clermont County CIC, Inc., (CIC) is a not-for-profit organization which derives the major source of its revenues from Clermont County (County), application fees and interest income. The CIC was established in November, 2003 for the economic development of Clermont County. The CIC works with the County in many aspects of the overall adopted economic development strategy, but its current efforts are focused on facilitating industrial and office park development which will lead to new industrial and commercial investment.

The CIC is also providing financing assistance to companies through the use of Industrial Revenue Bonds (IRBs).

Significant Programs: the CIC coordinates various activities throughout the year, primarily for the benefit of the County.

- To **borrow money** for any purpose of the corporation by issuing debt. Such debt is secured by a mortgage or other lien on its property.
- To **make loans** to persons, partnerships, corporations or other business organizations and to regulate the terms and conditions of such loans.
- To **purchase real and personal property** and to dispose of such property.
- To **acquire business assets**, including the good will, business, rights, real and personal property, and other assets of firms and persons and to assume or pay debts and liabilities of such persons and firms.
- To **acquire real estate** for the purpose of constructing industrial plants or business establishments or to dispose of such property for such purposes. In addition, a CIC may acquire industrial plants and business establishments and may sell, operate, maintain or lease such facilities.
- To **acquire, sell, pledge, etc., stock shares**, bonds, notes or other securities of persons, firms, or corporations.

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

The reporting entity is comprised of the primary government. The Corporation has no component units or other organizations to be included in the financial statements. The Corporation is however a discretely presented component unit of Clermont County.

NOTE B- Summary of Significant Accounting Policies

The financial statements consist of a single-purpose business-type activity which is reported on the accrual basis of accounting using the economic resources measurement focus.

The significant accounting policies followed in the preparation of these financial statements conform to generally accepted accounting principals for local governments units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources as applied to governmental non-profit organizations. 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:

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

CLERMONT COUNTY CIC, Inc.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

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.

Cash Equivalent: During the calendar year 2006, the corporation's funds were in an interest bearing account.

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.

Capital Assets: Capital Assets are stated at historical cost. The only assets capitalized by the Corporation are land held for resale.

Income Taxes: CIC has applied to be a not-for-profit tax exempt organization under the Internal Revenue Code Section 501(c) (3). Accordingly, there is no provision for income taxes in these financial statements.

NOTE C – Cash

The carrying amount of cash deposits at December 31 was as follows:

| | |
|-----------------|---------|
| | 2006 |
| Demand deposits | \$3,215 |
| Total deposit | \$3,215 |

During 2006 deposits were federally insured up to the \$ 100,000.00 limit.

NOTE D - Land Held for Resale and Due to Primary Government:

Land Held for Resale and Due to Primary Government activity for the fiscal year ended December 31, 2006 is as follows:

| | 1/1/2006 | | | 12/31/2006 |
|-----------------------------------|-------------------|-----------|-----------|----------------|
| Class | Beginning Balance | Additions | Deletions | Ending Balance |
| Land/Due to Primary Government | - | 2,567,236 | 1,020,143 | 1,547,093 |

In December 2005, Clermont County entered into contracts to purchase 100 acres of land. In January 2006 and April 2006, the County purchased a total of 100 acres located in Union Township in the amount of \$8,221,230 for economic development. In March 2006, the Board of County Commissioners transferred 30.6 acres (cost of land was \$2,542,105) to the Corporation for consideration of one dollar with arrangement that the Corporation repay the County the sales proceeds less miscellaneous closing cost identified in the November 2004 Agency Agreement. The remaining 69.4 acres is not on the Statement of Net Assets because the County still holds title. In December 2006, the County transferred title to 0.832 acres on the Northwest side of Eastgate Boulevard South of State Route 32 with a historical cost of \$25,131 for consideration of one dollar with arrangement that the Corporation repay the County the sales proceeds less miscellaneous closing cost when it is sold by the Corporation.

In May 2006, the Corporation sold 12.5 acres of the 30.6 acres contracted to be sold. The Corporation provided repayment of \$1,020,143 on December 22, 2006 to the County per their agreement with the County.

CLERMONT COUNTY CIC, Inc.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

The Corporation is still reporting an asset and an amount due to Clermont County on the statement of net assets for the remaining land not sold.

NOTE E - SUBSEQUENT EVENTS

In March 2006, the Corporation received 30 acres of land from Clermont County to be sold for economic development. In May 2007 the CIC sold 8.84 acres for consideration of \$701,478.96.

In March 2007, the Clermont County Commissioners approved to transfer two parcels to the Corporation from the 69.4 acre parcel equaling 0.419 acres and 0.458 acres with respective values of \$33,624 and \$36,754.

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Mary Taylor, CPA

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 CIC, Inc.
Clermont County
2379 Clermont Center Drive
Batavia, Ohio 45103

To the Board of Trustees:

We have audited the financial statements of the business-type activities of Clermont County CIC, Inc., Clermont County, Ohio (the Corporation), as of and for the year ended December 31, 2006, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated June 1, 2007. 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 expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Corporation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Corporation's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Corporation's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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*.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 1, 2007



Mary Taylor, CPA
Auditor of State

CLERMONT COUNTY COMMUNITY IMPROVEMENT CORPORATION, INC.

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
AUGUST 2, 2007**