



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, 2007, 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, 2007, 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, 2007, 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 17, 2008, 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 17, 2008

CLERMONT COUNTY CIC, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(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 for the year ending December 31, 2007.

FINANCIAL HIGHLIGHTS

The Corporation's current assets increased \$13,079 due to the increase in the interest bearing cash balance.

The Corporation sold land held for resale with a book value of \$893,849 during 2007 for \$1,308,055 and paid the proceeds of the sale related to the cost to Clermont County (the County) as required by their agency agreement, resulting in a remaining balance of land held for resale at December 31, 2007 of \$653,244. The Corporation also paid a portion of the gain on the sale to the County.

The Corporation issued no long term debt instruments in 2007, but current liabilities increased \$26,376 due to unpaid legal invoices. Also, based on their agency agreement, the Corporation liability to the County for the cost of land provided for resale is \$653,244 at December 31, 2007. This liability will be retired with the proceeds of the sale of the land.

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 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 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 statement 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.

CLERMONT COUNTY CIC, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)

(Table 1)

Net Assets

| | 2007 | 2006 |
|--------------------------------|------------------|--------------------|
| Assets | | |
| Current Assets | \$16,750 | \$3,671 |
| Land Held for Resale | 653,244 | 1,547,093 |
| Total Assets | \$669,994 | \$1,550,764 |
| Liabilities | | |
| Current Liabilities | \$26,376 | \$0 |
| Due to Clermont County | 653,244 | 1,547,093 |
| Total Liabilities | \$679,620 | \$1,547,093 |
| Unrestricted Net Assets | (9,626) | 3,671 |
| Total Net Assets | (\$9,626) | \$3,671 |

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

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

(Table 2)

Changes in Net Assets

| | 2007 | 2006 |
|---------------------------------------|------------------|-----------------|
| Revenues | | |
| Industrial Revenue Bond Fees | \$0 | \$4,000 |
| Contributions from Clermont County | 225,000 | 0 |
| Gains (losses) from sale of land, net | 46,791 | 0 |
| Interest Income | 11,221 | 8,074 |
| Other | 487 | 0 |
| Total Revenues | 283,499 | 12,074 |
| Expenses | | |
| Operating Expenses | 166,796 | 27,777 |
| Grants Made | 130,000 | 0 |
| Total Disbursements | 296,796 | 27,777 |
| Change in Net Assets | (13,297) | (15,703) |
| Net Assets, January 1, 2007 | 3,671 | 19,374 |
| Net Assets, December 31, 2007 | (\$9,626) | \$3,671 |

Grant monies received from Clermont County to cover various operating expenses and provide capital grants totaled \$225,000 during 2007.

Land sold to developers during 2007 for purposes of economic development resulted in the following net gain on sale:

CLERMONT COUNTY CIC, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)

| | |
|---|------------------|
| Proceeds from sale of Land | \$ 1,308,055 |
| Cost basis of land sold | 898,595 |
| Returned to Clermont County Per Agreement | <u>362,669</u> |
| Gain on sale | <u>\$ 46,791</u> |

Operating expenses grew significantly in 2007 due to legal fees paid to defend the Corporation in a court case as disclosed in Note E to the financial statements. Additionally, a \$125,000 capital grant was paid to Midland Corporation for reimbursement of a backup generated after the company added a second larger building to its Clermont County campus.

CAPITAL ASSETS

The Corporation's investment in Capital Assets decreased by \$893,849 due to the sale of 11.01 acres to Cincinnati United Contractors, and .83 acres to National City Bank. For additional information regarding capital assets, please see the Notes D to Basic Financial Statements.

| | |
|----------------------|-----------|
| Land Held for Resale | \$653,244 |
|----------------------|-----------|

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 \$ 653,244, as reflected in the statement of net assets. This debt balance is due to Clermont County for the cost basis of real estate transferred to the Corporation. This land is to be sold to developers by the Corporation for the purpose of increasing economic development within the County. 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.

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

**STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

| | <u>2007</u> | <u>2006</u> |
|---------------------------------------|------------------|------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash equivalent | \$16,750 | \$3,215 |
| Prepaid Insurance | 0 | 476 |
| TOTAL CURRENT ASSETS | 16,750 | 3,691 |
| CAPITAL NONCURRENT ASSETS | | |
| Land Held for Resale | 653,244 | 1,547,093 |
| TOTAL NONCURRENT ASSETS | 653,244 | 1,547,093 |
| TOTAL ASSETS | 669,994 | 1,550,784 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts Payable and Accrued Expenses | 26,376 | 0 |
| TOTAL CURRENT LIABILITIES | 26,376 | 0 |
| LONG TERM LIABILITIES | | |
| Due to Clermont County | 653,244 | 1,547,093 |
| TOTAL LONG TERM LIABILITIES | 653,244 | 1,547,093 |
| TOTAL LIABILITIES | 679,620 | 1,547,093 |
| NET ASSETS | | |
| Unrestricted: | (9,626) | 3,671 |
| TOTAL NET ASSETS | (\$9,626) | \$3,671 |

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

CLERMONT COUNTY CIC, INC.
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS
FOR THE YEAR ENDING DECEMBER 31, 2007

| | <u>2007</u> | <u>2006</u> |
|--|----------------------|--------------------|
| OPERATING REVENUES: | | |
| Contributions from Clermont County | \$225,000 | \$0 |
| Gains from Sale of Land, Net | 46,791 | 0 |
| Interest Income | 11,221 | 8,074 |
| Industrial Revenue Bond Application Fee | 0 | 4,000 |
| Other | 487 | 0 |
| TOTAL OPERATING REVENUE | 283,499 | 12,074 |
| OPERATING EXPENSES: | | |
| Grants made | 130,000 | 0 |
| Professional Services | 163,331 | 24,613 |
| Office Supplies | 330 | 49 |
| Insurance | 3,135 | 2,365 |
| IRS Not for Profit Application Fee | 0 | 750 |
| TOTAL OPERATING EXPENSES | 296,796 | 27,777 |
| OPERATING LOSS | (13,297) | (15,703) |
| Total Net Assets - Beginning of Year | 3,671 | 19,374 |
| Total Net Assets - End of Year | (\$9,626) | \$3,671 |

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

**CLERMONT COUNTY CIC, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>2007</u> | <u>2006</u> |
|---|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Contributions received from Clermont County | \$225,000 | \$0 |
| Interest received | 11,221 | 8,074 |
| Receipts from Industrial Revenue Bond Recipients | 0 | 4,000 |
| Other receipts | 487 | 0 |
| Payments for professional services | (136,955) | (24,613) |
| Payments of grants for economic development | (130,000) | 0 |
| Payments to suppliers | (330) | (49) |
| Payments for insurance | (2,679) | (2,679) |
| Payments for application fees | 0 | (750) |
| Net cash used by operating activities | <u>(33,256)</u> | <u>(16,017)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Proceeds from Sale of Land held-for-resale | 1,308,055 | 1,020,143 |
| Payment of Land Sale Proceeds to Clermont County | <u>(1,261,264)</u> | <u>(1,020,143)</u> |
| Net cash provided by investing activities | <u>46,791</u> | <u>0</u> |
| Net increase in cash and cash equivalents | 13,535 | (16,017) |
| Cash at January 1 | 3,215 | 19,232 |
| Cash at December 31 | <u><u>\$16,750</u></u> | <u><u>\$3,215</u></u> |
| Reconciliation of operating income to net cash provided (used) by operating activities | | |
| Operating Loss | <u>(\$13,297)</u> | <u>(\$15,703)</u> |
| Adjustments to reconcile net loss to net cash used by operating activities: | | |
| Gains from sale of land, net | (46,791) | - |
| (Increase) decrease in prepaid items | 456 | (314) |
| Increase in accounts payable | 26,376 | - |
| Total Adjustments | <u>(19,959)</u> | <u>(314)</u> |
| NET CASH USED BY OPERATIONS | <u><u>(\$33,256)</u></u> | <u><u>(\$16,017)</u></u> |
| Non-cash capital activities | | |
| Contribution or Land for Resale | \$70,378 | \$2,567,236 |

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

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CLERMONT COUNTY CIC, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE A – NATURE OF ORGANIZATION AND REPORTING ENTITY

The Clermont County CIC, Inc., (Corporation) is a not-for-profit organization which derives the major source of its revenues from Clermont County (County), application fees and interest income. The Corporation was established in November, 2003 for the economic development of Clermont County. The Corporation 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 Corporation is also providing financing assistance to companies through the use of Industrial Revenue Bonds (IRBs).

Significant Programs: the Corporation 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:

CLERMONT COUNTY CIC, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)

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 Corporation are classified as unrestricted net assets because they are not subject to imposed stipulations.

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 2007, 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: The Corporation 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:

| | |
|-----------------|----------|
| | 2007 |
| Demand deposits | \$16,750 |

During 2007 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, 2007 is as follows:

| | 1/1/2007 Beginning Balance | Additions | Deletions | 12/31/2007 Ending Balance |
|--|----------------------------------|-----------|-----------|---------------------------------|
| Class Land/Due to Primary Government | \$1,547,093 | \$70,378 | \$964,227 | \$653,244 |

In March 2006, the Clermont 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 cost of the land when it is sold by the Corporation.

CLERMONT COUNTY CIC, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)

In May 2006, the Corporation sold 12.5 acres. The Corporation provided repayment of \$1,020,143 on December 22, 2006 to Clermont County per their agreement with the County. In addition, in December 2006, the County transferred .832 acres located on the Northwest side of Eastgate Boulevard South of State Route 32 to the Corporation for consideration of one dollar with the arrangement that the Corporation will repay the County the market value of the land when sold. As of December 31, 2006, the land had a historical value of \$25,131.

In 2007, .818 acres was transferred to Clermont County from the Corporation (the historical value of the land was \$65,632). In 2007, .877 acres (the historical value of the land was \$70,378) was transferred to the Corporation for the consideration of one dollar with the Corporation repaying the County the cost of the land when sold. In 2007, the Corporation sold 11.84 acres and provided payment of \$1,261,264 to the County; \$898,595 reduced the amount due to the County.

A liability is due to the County in the amount of \$653,244 for the land not sold as of December 31, 2007.

NOTE E – LITIGATION

A lawsuit was filed against the Corporation by Eastgate Professional Office Park, Ltd., a neighboring property owner of the 100 acres of land in Union Township. On November 30, 2007, the applicable local court decided in favor of the Corporation. Eastgate Professional Office Park, Ltd. has not filed an appeal of the judge's decision. Management does not expect to incur additional litigation cost related to this case.

NOTE F - SUBSEQUENT EVENTS

In January 2008, the Corporation reorganized. The Corporation went from thirteen Board Members to five Board members. Of the five members, one is a Clermont County Administrator and one is a Clermont County Commissioner.

On April 30, 2008, the Board of County Commissioners approved the transfer of 68.755 acres to the Corporation with a value of \$5,657,530.

In May 2008, the Corporation amended its agreement with Monica Donath Kohen, Trustee for undisclosed principal. It resulted in the naming of two purchasers for the approximate 100 acres of land, 45.069 acres to be sold to Total Quality Logistics, Inc. and 54.662 acres to be sold to Charles J. Kubicki, LLC.

In May 2008, the Corporation sold 6.867 acres to Total Quality Logistics for approximately \$583,000.

NOTE G – RELATED PARTY TRANSACTIONS

The Corporation and Clermont County engaged in significant financial transactions in 2007. These transactions included the exchange of property, contributions, and proceeds from the sale of land. The wife of a Corporation board member is a Clermont County Commissioner.

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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, 2007, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated June 17, 2008. 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 17, 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 5, 2008**