



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 financial statements of the business-type activities of Clermont County CIC, Inc., Clermont County, Ohio (the Corporation), a component unit of the Clermont County, as of and for the years ended December 31, 2009 and 2008 which collectively comprise the Corporation's basic financial statements 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 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 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, 2009, 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 State of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Clermont County CIC, Inc., Clermont County, Ohio, as of December 31, 2009 and 2008 and the respective changes in financial position and cash flows, thereof and the 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 30, 2010, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquires of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and 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 30, 2010

CLERMONT COUNTY CIC, INC.

MANAGEMENT DISCUSSION AND ANALYSIS
For the Year ending December 31, 2009
(Unaudited)

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, 2009 and 2008.

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 the Organization’s cash receipts and cash disbursements.

FINANCIAL HIGHLIGHTS

Statement of Net Assets - December 31, 2009 compared to December 31, 2008 and December 31, 2007:

	Table 1		
	Net Assets		
	2009	2008	2007
Assets			
Current Assets	\$ 920,812	\$ 168,957	\$ 16,750
Land Held for Resale	4,316,145	5,076,676	653,244
Total Assets	<u>5,236,957</u>	<u>5,245,633</u>	<u>669,994</u>
Liabilities			
Current Liabilities	\$ 134,861	-	26,376
Due to Clermont County	5,099,759	5,252,913	653,244
Total Liabilities	<u>5,234,620</u>	<u>5,252,913</u>	<u>679,620</u>
Unrestricted Net Assets (Deficit)	<u>\$ 2,337</u>	<u>\$ (7,280)</u>	<u>\$ (9,626)</u>

Current assets for 2009 included cash of \$785,951 and accounts receivable of \$134,861. The ending cash increased to \$785,951 as of December 31, 2009, an increase of \$758,148 from 2008. The increase was the result of an increase in the interest bearing cash balance caused, in part, by amounts due to the County for land sales that were not yet repaid.

The decrease in land-held-for-resale was the result of Clermont County selling 9.156 acres of land to developers.

Amounts due to Clermont County decreased slightly for the same reasons that cash rose significantly.

Current liabilities included accrued interest payable of \$134,861 as of December 31, 2009. Current liabilities as of December 31, 2007 represented unpaid legal fees.

CLERMONT COUNTY CIC, INC.

MANAGEMENT DISCUSSION AND ANALYSIS
For the Year ending December 31, 2009
(Unaudited)

Statement of Activities – Revenues, Expenses and Changes in Net Assets - December 31, 2009 compared to December 31, 2008 and December 31, 2007:

Table 2
 Changes in Net Assets

	2009	2008	2007
Revenues			
Contributions from Clermont County	\$ 25,000	\$ 85,000	\$ 225,000
Gains (losses) from sale of land, net	2,262	(30,773)	46,791
Interest Income	204,918	333,779	11,221
Other	105,524	52,307	487
Total Revenues	337,704	440,313	283,499
Expenses			
Operating Expenses	328,087	437,967	166,796
Grants Made	-	-	130,000
Total Expenses	328,087	437,967	296,796
Changes in Net Assets	9,617	2,346	(13,297)
Net Assets at Beginning of Year	(7,280)	(9,626)	3,671
Net Assets at End of Year	\$ 2,337	\$ (7,280)	\$ (9,626)

Grant monies received from Clermont County were \$25,000 and \$85,000 for 2009 and 2008, respectively, to help with current operations.

The significant amount of interest income for 2009 and 2008 was primarily because of interest/carrying charges earned by Clermont CIC pursuant to its agreements with developers. Included in its operating expenses for 2009 was expense of \$204,147 for the related interest/carrying charges paid or payable to Clermont County.

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

	2009	2008	2007
Proceeds from sale of land	\$ 766,793	\$ 1,219,904	\$ 1,308,055
Cost basis of land sold	764,531	1,250,677	1,261,264
Gain (loss) on sale	\$ 2,262	\$ (30,773)	\$ 46,791

Other revenues for 2009 consist primarily of recoveries of real estate taxes from developers.

CLERMONT COUNTY CIC, INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year ending December 31, 2009

(Unaudited)

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 the County for years ended December 31, 2009 and 2008 was \$5,099,759 and \$5,252,913, 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. The 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 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 CIC, INC.

STATEMENT OF NET ASSETS
DECEMBER 31, 2009

	<u>2009</u>	<u>2008</u>
ASSETS		
CURRENT ASSETS		
Cash equivalent	\$785,951	\$27,803
Accounts Receivable	134,861	141,154
TOTAL CURRENT ASSETS	<u>920,812</u>	<u>168,957</u>
CAPITAL NONCURRENT ASSETS		
Land Held for Resale	4,316,145	5,076,676
TOTAL NONCURRENT ASSETS	<u>4,316,145</u>	<u>5,076,676</u>
TOTAL ASSETS	<u>5,236,957</u>	<u>5,245,633</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	134,861	-
TOTAL CURRENT LIABILITIES	<u>134,861</u>	<u>-</u>
LONG TERM LIABILITIES		
Due to Clermont County	5,099,759	5,252,913
TOTAL LONG TERM LIABILITIES	<u>5,099,759</u>	<u>5,252,913</u>
TOTAL LIABILITIES	<u>5,234,620</u>	<u>5,252,913</u>
NET ASSETS		
Unrestricted:	2,337	(7,280)
TOTAL NET ASSETS	<u>\$2,337</u>	<u>(\$7,280)</u>

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, 2009**

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES:		
Contributions from Clermont County	\$25,000	\$85,000
Gains from Sale of Land, Net	2,262	-
Interest Income/Carrying Costs	204,918	333,779
Other	105,524	52,307
TOTAL OPERATING REVENUE	<u>337,704</u>	<u>471,086</u>
OPERATING EXPENSES:		
Interest and Carrying Charges	204,147	359,511
Professional Services	13,512	48,779
Office Supplies	3,808	395
Insurance	2,334	2,193
Real Estate Taxes	104,286	27,089
Losses from Sale of Land, Net	0	30,773
TOTAL OPERATING EXPENSES	<u>328,087</u>	<u>468,740</u>
OPERATING GAIN (LOSS)	<u>9,617</u>	<u>2,346</u>
Total Net Assets - Beginning of Year	(7,280)	(9,626)
Total Net Assets - End of Year	<u>\$2,337</u>	<u>(\$7,280)</u>

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, 2009**

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Contributions received from Clermont County	\$25,000	\$85,000
Interest received	211,211	192,625
Other receipts	105,524	52,307
Payments for professional services	(13,512)	(75,155)
Interest paid to Clermont County	(210,440)	(183,274)
Payments for real estate taxes	(104,286)	(27,089)
Payments to suppliers	(3,808)	(395)
Payments for insurance	<u>(2,334)</u>	<u>(2,193)</u>
Net cash used by operating activities	<u>7,355</u>	<u>41,826</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Sale of Land held-for-resale	766,793	1,219,904
Payment of Land Sale Proceeds to Clermont County	(16,000)	(1,250,677)
Purchases of Land	<u>0</u>	<u>0</u>
Net cash provided by investing activities	<u>750,793</u>	<u>(30,773)</u>
 Net increase in cash and cash equivalents	 758,148	 11,053
 Cash at January 1	 27,803	 16,750
 Cash at December 31	 <u>\$785,951</u>	 <u>\$27,803</u>
 Reconciliation of operating income to net cash provided (used) by operating activities		
Operating Loss	<u>\$9,617</u>	<u>\$2,346</u>
Adjustments to reconcile net loss to net cash used by operating activities:		
(Gains) losses from sale of land, net	(2,262)	30,773
(Increase) decrease in accounts receivable	6,293	(141,154)
Increase (decrease) in accounts payable	134,861	(26,376)
Increase (decrease) in carrying charges payable to Clermont County	<u>(141,154)</u>	<u>176,237</u>
Total Adjustments	<u>(2,262)</u>	<u>39,480</u>
NET CASH USED BY OPERATIONS	<u>\$7,355</u>	<u>\$41,826</u>
 Non-cash capital activities		
Contribution of Land for Resale	\$4,000	\$5,674,109

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE A – Nature of Organization and Reporting Entity

The Clermont County CIC, Inc., Clermont County, Ohio (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.
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(Continued)**

NOTE B- Summary of Significant Accounting Policies (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 2009, 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:

	2009
Demand deposits	\$785,951

During 2009, deposits were insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

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, 2009 is as follows:

Class	1/1/2009 Beginning Balance	Additions	Deletions	12/31/2009 Ending Balance
Land/Due to Primary Government	\$5,076,676	\$0	\$760,531	\$4,316,145

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(Continued)**

NOTE D - Land Held for Resale and Due to Primary Government (Continued)

In September of 2009, the Clermont County Commissioners transferred .118 acres of land to the CIC. Also, in September of 2009 the County transferred .118 acres of land to the CIC. The land was appraised, valued, and subsequently sold. The CIC also sold 8.75 acres of Ivey Pointe land for Clermont County in December of 2009; the County has not been reimbursed for the sale of any of these land transactions in 2009

A liability is due to the County in the amount of \$5,099.759 for the 53.366 acres of land not sold as of December 31, 2009.

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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, 2009 which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated June 30, 2010. 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*.

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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 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 30, 2010



Mary Taylor, CPA
Auditor of State

CLERMONT COUNTY CIC 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
JULY 20, 2010**